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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Drug abuse on the increase

Home Office figures just released show that there were big increases last year in the number of drug addicts in the UK, in seizures of drugs, and in smuggling ceases.

The number of known addicts—a fraction of the true figure—was nearly a fifth up at 2,800. There were 16,000 seizures, about 2,690 more than in 1978. Almost nine out of ten involved cannabis.

Heroin was discovered in 600 cases—twice the 1976 and 1978 highs, and more opium and cocaine was captured than in 1978. More than 14,000 were found guilty of, or cautioned for, drug offences.

Bogside trouble

Two buses and a van were set on fire in the Bogside and police vehicles bombarded after the Loyalist Apprentice Boys of Derry had marched. The Cullybackey branch defiantly carried a banner given by the convicted murderer of a Catholic. Page 6

Masefield named

Sir Peter Masefield, 66, former chairman of British European Airways, is to be "caretaker" chairman and chief executive of London Transport, for between six months and a year. He will be paid £34,000 a year. Page 6 and Back Page

More petrol cuts

Shell, BP, National Benzole, Texaco and Mobil have followed Esso's Monday move of cutting wholesale petrol prices. This should knock 2p a gallon off pump prices. Back Page

Faults on M5

The Transport Minister has confirmed that in 17 places on the elevated section of the M6 through Birmingham the steel beam below the viaduct has dropped where its bearing support has failed. Repairs and investigations continue: parts of single carriageways only are closed.

Iranians warned

Iranians in court following demonstrations last week were warned by Horseferry Road, London, magistrate Kenneth Harrington: Behave, or you will be sent boma. Only two of 26 accepted an offer of £60 bail. Twenty-two were remanded in custody, but one who wanted to stay in prison was bailed. Many still refused their names and addresses.

MP's clerk killed

Tory MP for Anglesey, Keith Best, had serious head injuries after the car he was driving crashed into a broken down van near Holyhead. His passenger, Mrs. Brenda Rogers, clerk to his Brighton law practice, was killed.

Test peters out

The rain-ruined fifth Test at Headingley petered out in a draw, so West Indies' victory in the first Test gives them the series. England 143 and 227 for 6, West Indies 245.

Briefly . . .

Panda Ching Ching reappeared at London Zoo after a 4½-month illness.

Britain and France are pulling their troops out of Espiritu Santo by next Tuesday.

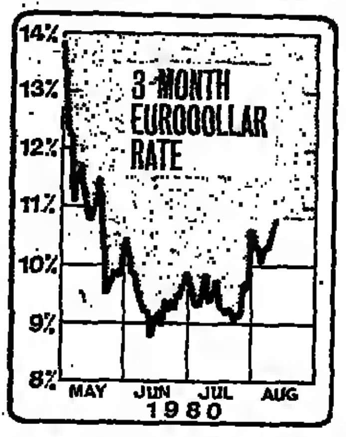
West Huntspill campaigners emptied 30 sacks of rubbish at County Hall, Taunton, in protest at plans to site a tip in their village.

Storeman Roy Trelease, sacked for not going to a Cornish steel merchants' Christmas party, was awarded £6,127 by a tribunal.

BUSINESS

Dollar weaker; Gold off $7

● DOLLAR lost ground despite a firmer tendency in Eurodollar rates, finishing at DM 1.7795 (DM 1.7825). Its trade-weighted index was 84.2 (84.5). Page 21



● STERLING was slightly weaker overall, with its index falling to 75.3 (75.5). Against the dollar, it improved as the dollar came on offer in New York, to close 15 points up at $2.3735. Page 21

● GOLD continued to ease in London, losing $7 to finish at $610.5. Page 21. Fresh losses extended to nearly two points in the heavier priced gold shares and the Gold Mines index dropped 14.3 further to 348.0 for a two-day loss of more than 8 per cent. Page 24.

● GILTS were restrained as investors awaited further economic indicators later in the week. Mediums and longs drifted lower, with losses ranging to ¼. The FT Government Securities index was 0.19 down at 69.34. Page 24

● EQUITIES were also affected, with potential buyers holding off. The 1.6 net gain to 480.6 in the FT 30-share index owed most to Dunlop's 7p rise to 77p on revival of speculative demand. Page 24

● WALL STREET was 7.08 down at 957.00 near the close. Page 22

● BUILDING society net receipts rose to £340m in July, the highest monthly level since last October. Page 6

● AUSTRALIA'S Cabinet is examining the financial implications of cancelling an order for four Airbuses in retaliation at the EEC's proposed sheepmeat regime. Page 4

● OFFICE of Fair Trading investigation into Raleigh Industries' refusal to supply cut-price retailers with bicycles is expected to be announced today. Page 7

● BRITISH Petroleum, Shell International and Compagnie Francaise des Petroles are likely to be among the first foreign companies awarded oil exploration concessions by India. Back Page and Page 17

● ENGINEERING workers' union leaders said they would advise their members not to disobey the new Employment Act. Page 8

● BRITISH STEEL is to go ahead with closing its Consett works by the end of next month. Page 8

● ARMSTRONG EQUIPMENT is to buy Associated Engineering's heat transfer and presswork division for £700,000. Net book value of the assets acquired is £6.4m. Page 15

● J. C. PENNEY, third largest U.S. retailer and second biggest mail order group, reports second quarter net earnings down 68.8 per cent at $5m (£2.1m) because of high inflation and the recession. Page 15

● COMMERCIAL UNION Assurance Company's pre-tax profits for the six months to Juna 30 dipped to £57.6m (£58.1m) with underwriting losses up £5.7m to £22.9m. Paga 14; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Anderson. St'clyde	101½	+ 4½	Assoc. Engineering	56	− 3
Barratt Devlpmnts.	135	+ 5	Bowater	173	− 6
Commercial Union	146	+ 6	GKN	238	− 4
Dunlop	77	+ 7	Magnet & Sthrns.	157	− 8
Forward Technlgy.	123	+ 5	LASMO	708	− 12
Hampton Trust	74½	+ 3½	Shell Transport	414	− 4
Highland Distilries.	127	+ 8	Tricentrol	340	− 4
Hogg Robinson	121	+ 4	Cns. Gold Flds. SA	£30½	− 1½
Horizon Travel	250	+ 5	Lennard Oil	72	− 8
Legal & General	210	+ 6	Loraine	316	− 22
Letraset	123	+ 11	North Kalgurli	79	− 5
Office & Electronic	328	+ 9	Rustenburg Plat.	224	− 26
Pegler-Hattersley	134	+ 12	St. Helena	£17¼	− 1¼
Royal Insurance	386	+ 8	Samantha	82	− 6
Rush & Tompkins	222	+ 5	Welkom	717	− 63
Savoy A	128	+ 4	West Driefontein	£35¼	− 1¼
Stanley (A. G.)	71	+ 6	Western Deep	£18¼	− 1½
Unilever	480	+ 10	Western Hldgs.	£30	− 1¼
Wholesale Fittings	820	+ 35			
Berjuntai Tin	260	+ 15			
Ctrl. Pac. Minerals	£31½	+ 2½			
Southern Pacific	£11½	+ 1½			

Industrial output falls 2.7% as recession deepens

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BRITISH recession is deepening and spreading across the economy. Manufacturing industry remains the hardest hit and its output is falling more sharply than expected.

Central Statistical Office figures published yesterday show that industrial output between April and June was 2.7 per cent lower than in the previous three months.

Manufacturing production dropped by 2.8 per cent even when compared with a period depressed by the British Steel strike.

These figures confirm the daily reports from all over industry of falling output and rising redundancies.

All recent evidence suggests that output is still falling. The Confederation of British Industry's trends survey at the end of July pointed to a sharp drop in the volume of orders and output over the next four months. This is the result of an almost simultaneous fall in domestic and export demand coupled with a rapid deterioration in the competitive position of British goods.

There are also indications that the impact of the recession is spreading to the distribution and service sectors.

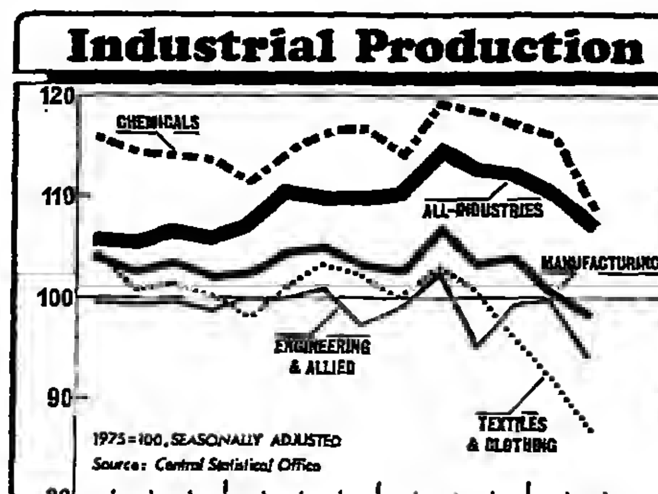
The main squeeze has nonetheless been on manufacturing where output in the first half of 1980 was about 4½ per cent lower than the average level last year. Since manufacturing production is still falling, the fall in output for 1980 as a whole may be greater than the 4½ per cent decline for the year forecast by the Treasury in the Budget.

The detailed figures highlight the problems faced by the textiles, leather and clothing sector where output so far this year is 10½ per cent below the average level for 1979.

The output of the chemicals, coal and petroleum products sector has recently started to drop sharply with a 7 per cent decline between the first and second quarters of this year. Industrial chemicals have been

Continued on Back Page

UK failing to compete with Japan, Page 7



Carter, Kennedy camps set for one last battle

BY JUREK MARTIN AND DAVID BUCHAN IN NEW YORK

SUPPORTERS OF President Jimmy Carter and Senator Edward Kennedy geared up for one last battle on economic policy yesterday, despite the Senator's decision late o nMonday night finally to quit the Presidential race following a heavy defeat on a key procedural issue.

The President's top advisors said they were gratified by the Senator's swift withdrawal because it made easier the task of uniting Democrats against the Republican challenge of Mr. Ronald Reagan.

But a tug of war was still likely on the party's policy platform as Mr. Carter's economic advisers bluntly spelled out the President's refusal to compromise on demands by pro-Kennedy delegates for a compulsory incomes policy to curb inflation, a ban on economic initiatives that might raise unemployment, and a massive public spending programme to create jobs.

"The President and Senator Kennedy are both strong men—neither should be expected to abandon their principles," said Mr. Jody Powell, the President's Press Secretary. He was indicating that, unless the Kennedy forces made last-minute private concessions, the key economic issues would be fought out on the floor of the Madison Square Garden convention.

Mr. Carter was expected to prevail, though not necessarily by the 1,936 to 1,390 margin which on Monday night locked up his majority of delegates and shattered the Senator's remaining hope for the Presidential nomination.

Left glum and rudderless by their leader's sudden withdrawal, many Kennedy delegates yesterday said they were unreconciled to backing Mr. Carter as their party's nominee in the November election.

Vice-President Walter Mondale, Mr. Carter's bridge to the liberal wing of the Democratic party, said the effect of the Senator's withdrawal was to remove "the personal animosity" that may have existed between the two rivals.

Mr. Carter's crushing triumph on the open convention issue was a testimony to the efficiency of his lieutenants in marshalling their forces. But it also reflected a widespread view that the "open" convention—whereby delegates would have been freed from their primary pledges—was seen as essentially a pro-Kennedy device, regardless of the merits of the arguments.

This did not prevent, however, a rowdy demonstration of partisan support on both sides of the convention floor.

Negotiations to forge last-minute compromises on the economic issues were slow to materialise. Mr. Mondale, as always seeking the middle road, suggested the differences lay "in the remedies, not the purpose" of new economic initiatives.

But Mr. Carter's Cabinet officers implied the differences were more substaolial. Mr. William Miller, the Treasury Secretary, said the Administration waa not prepared to agree to a turnabout in its voluntary wage and price guidelines and tight controls over public spending.

Kennedy defeat could still tarnish Carter triumph, Page 3

Wrath descends on Saab slogan

BY MICHAEL THOMPSON-NOEL

A SAAB advertising slogan quoting the Lord's Prayer has incurred the wrath of the Advertising Standards Authority. The advertisement was for the Saab 900 Turbo and was headlined: "And lead us not into Temptation."

The authority has judged the advertisement to be in breach of the British Code of Advertising Practice, and has upheld the complaints of seven members of the public who found the advertisement "highly distasteful."

Saab (GB) is bemused. It says the advertisement was widaly copy-tested prior to publication and created no offence. "It was a very apt heading," the company said.

The advertisement, prepared by Brunning Advertising and Marketing (Reading), was featured in a £50,000 campaign in prestige colour magazines in May.

"The complainants," says the authority, "considered the advertisement to be highly distasteful and offensive in using a quotation from the Lord's Prayer for commercial purposes."

The authority says it found the Saab advertisement a "difficult issue," but thought that, on balance, it was "likely to be deeply offensiva to some people and the advertisement was therefore judged to be in breach of the Code."

It received 3,367 complaints from the public last year: 998 were pursued, and about 360 upheld.

Saab and its agency fell foul of Section II, 2 of the voluntarily-administered code of advertising practice, which states: "Advertisements should contain nothing which is likely, in the light of generally prevailing standards of decency and propriety, to cause grave or widespread offence."

Saab said last night it regretted any offence caused. "But before we went ahead," said a spokesman, "we copy-tested the headlina among 400 members of the (non-Saab owning) public. Not one of them raised an eyebrow. Seven complaints to the ASA does not represent an inundation."

Continued on Back Page

Talbot plant on two-day week

BY JOHN GRIFFITHS

TALBOT and Leyland Vehicles yesterday announced short-time working for more than 20,000 employees as the effects on the motor industry of slumping UK sales intensified.

The announcements came only 24 hours after Vauxhall had announced short-time working at all three of its UK manufacturing plants and given notice of redundancies at its Dunstable, Beds., plant.

Hardest hit yesterday were Talbot plants in the Midlands, where 6,800 workers making tha Alpine and Solara models hava been placed on a two-day week until further notice. At Linwood in Scotland, which produces the Sunbeam and Avenger, 4,700 employees have been put on a three-day week.

Leyland Vehicles is to lay off 9,000 of its 10,000 employees at its Leyland, Lancashire, truck and bus plant for one week from September 1, just before an annual holiday, and for two further weeks in October.

Talbot said yesterday that, despite a temporary sales upsurge in August, "the UK car market for the past four months has been running at 32 per cent below last year's level.

Option

"In common with other manufacturers, we are taking steps to align production and stocks to the realities of the market place."

Union officials at Talbot said they were "disappointed," but that they recognised the company's difficulties and accepted short-time working as a better option than redundancies.

Leyland Vehicles workers will receive about 95 per cent of their wages during the lay-off periods with the help of Government subsidies. Leyland Vehicles had made clear that the alternative to the lay-offs was some measure of redundancy.

Leyland Vehicles is among the last of the UK motor manufacturers to take steps to cut production, mainly because it has managed to increase its penetration during the past few months, despite the declining market for commercial vehicles. Its June share of 19.3 per cent was the biggest for two years.

This success is largely due to a £350m investment programme, now half way through, which has seen the introduction of the T45 truck range this year.

Much of the ranga is yet to be launched, and Leyland Vehicles said yesterday the investment programme itself was not threatened by the current production cutbacks.

West German banks to aid Poland

BY OUR FINANCIAL STAFF

WEST GERMAN banks are to provide credits of DM1.2bn (£285m) to Poland—a move welcomed by the Bonn Government which is deeply worried by Poland's economic troubles, and the threat these could pose to the Polish leadership.

A consortium of 25 banks, led by the "big three"—Dresdner, Deutsche and Commerz—and by the Bank Fuer Gemeinwirtschaft, has raised the sum after intensive discussion marked by concern about Poland's already high level of indebtedness to the West. Final details are still being worked out but the credit is expected to run for seven years.

The extent of Poland's indebtedness is spelled out in a memorandum prepared by Handlowy Warszawie, the Polish state bank, for Western banks involved in a $300m Euro-currency loan now being negotiated for Poland.

It shows that Poland had hard currency debts at the end of 1979 of $19.4bn (£8.2bn) and that the annual payments needed t oservice this debt will consume almost 70 per cent of Poland's hard currency earnings in 1980. This debt service ratio compares with one of 54 per cent in 1979, and is one of the highest of any country in the world.

Poland will be paying $7.2bn to service its debt this year and an estimated $6.5bn next. The country's hard currency visible exports this year are projected at $8.53bn.

Poland's case for further borrowing is based on favourable trade results in the first half of 1980. The memorandum claims that Poland achieved a trade surplus in the first half of the year and that trade should either balance or show surplus for 1980 as a whole.

This would compare with a trade deficit in 1979 of $1.7bn, and a current account deficit of $2.82bn in the same year. The impact on these predictions of the recent strikes in Poland, and of the flooding of the Vistula river, is not known.

A total of DM 800m of the German credit is likely to go to help service Warsaw's existing debts, while tha other DM 400m will finance projects to exploit Polish coal and to send added supplies to West Germany. This DM 400m will be covered by German State backed guarantees.

Initially it had been hoped in Bonn that a sum of DM 1.5bn might be raised, two-thirds of it for debt servicing and one-third for the coal project.

In an apparent effort to influence the bankers' decision Bonn privately made clear that if the DM 1bn for debt servicing (not subject to State guarantee) was not raised, State backing for up to a further DM 500m would not be provided. In the end both sides have scaled back their contributions.

Now the larger part of the German credit has been arranged, and if the $300m Euro-credit goes ahead as expected, Poland will have raised almost all the $7.7bn it has set itself as its borrowing target for this year.

The result is particularly satisfying to Chancellor Helmut Schmidt of West Germany, who will be meeting Mr. Edward Gierek, the Polish Communist Party leader, in Hamburg next Tuesday and Wednesday.

Herr Schmidt is known to have a particularly high regard for Mr. Gierek, not least for the Polish leader's efforts over the past few months to help contain the East-West tension which developed following the Soviet invasion of Afghanistan.

The Bonn Government has followed with concern the Polish labour unrest which came after the announcement in July of meat price increases. It is feared that if this unrest intensified Mr. Gierek's own position would be in danger and West Germany might lose a valued ally.

Editorial Comment, Page 12
Poland's borrowing profitle, Page 18

Bus strike

Warsaw bus drivers extended their strike for higher pay yesterday with drivers from three of the capital's seven depots refusing to operate their vehicles.

The bus strike brings before the public eye in the capital for the first time the extent of Poland's six-week-old wave of labour unrest. Earlier strikes by industrial workers cial industrial towns and have not had a direct major impact have been mainly in provin on the public.

£ in New York

—	Aug. 11	Previous
Spot	$2.3705-3715	$2.3750-70
1 month	1.50-1.45 dis	1.37-1.32 dis
3 months	3.67-3.62 dis	3.70-3.65 dis
12 months	7.80-7.65 dis	8.00-7.90 dis

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EUROPEAN NEWS

Schmidt intends few changes in Cabinet team

BY JOHNATHAN CARR IN BONN

LITTLE CHANGE in key Cabinet posts is likely if the present West German government coalition is returned to office in the October 5 General Election, Chancellor Helmut Schmidt said yesterday. In an interview with the Frankfurter Rundschau newspaper, Herr Schmidt said he saw "absolutely no reason" for major alterations in the Social Democrat-Liberal Free Democrat (SPD-FDP) Cabinet.

The Chancellor specified that this comment applied to Herr Hans Dietrich Genscher, the Foreign Minister, Count Otto Lambsdorff, the Economics Minister, and Herr Gerhart Baum, the Interior Minister, (all FDP), as well as to Herr Hans Matthoefer, the Finance Minister, Herr Hans Apel, the Defence Minister, and Herr Hans Jochen Vogel, the Justice Minister (all SPD).

One key Minister whom Herr Schmidt did not mention was Herr Josef Ertl, of the FDP. He has been responsible for agriculture for 10 years and it is widely felt be might step down.

While West German farming has flourished greatly over the past decade, there are many—not only in the SPD—who feel that desirable changes in the European Community's common agriculture policy are unlikely to emerge while Herr Ertl remains. But it remains unclear who his successor might be.

Herr Schmidt's comments effectively have stopped public speculation about the shape of a new Cabinet almost before it has begun. The questions to be answered now are essentially secondary ones: for example, whether the Post and Transport Ministry should be divided.

All this presupposes that the SPD-FDP will defeat the combined Christian Democratic Union and Christian Social Union opposition under Herr Franz Josef Strauss. Indeed, much comment in the media, based not least on opinion polls underlining the exceptional popularity of Herr Schmidt, suggests that the election result is almost a foregone conclusion.

But in his interview the Chancellor warned that a lot could still change between now and polling day. He felt some of the polls pointing to an SPD-FDP victory had been manipulated to give potential voters for the government coalition a false sense of security and to help mobilise CDU-CSU support. He also thought it highly unlikely that the SPD alone could win an absolute majority.

King Juan Carlos: army commanders sought an audience

Top rank hostility to Spain amnesty

BY OUR MADRID CORRESPONDENT

A BILL proposing an amnesty for nine former army officers sentenced in 1976 has provoked a showdown between senior members of the armed forces and politicians in the Spanish Parliament.

The legislation, which is expected to be voted on next month, was proposed late in June by all Spain's political parties, with the exception of the small Right-wing Coalicion Democratica. It also calls for the reinstatemetn into the army of more than 3,000 soldiers who fought on the side of the Republic in the Civil War. However, it is the proposed amnesty of the nine officers that is proving controversial.

The officers were sentenced by a Madrid court martial in March, 1976, for belonging to the Union Democratica Militar (UDM). This was a clandestine organisation of up to 400 middle-ranking officers, set up during the last years of General Franco's rule. Its aim was to promote democratic ideas in the army. However, though the officers denied their involvement in any conspiracy to stage a coup, they received sentences of between three and 12 years in prison.

This compares with the light prison sentences of six and seven months that were passed in May by a military tribunal, and later confirmed, for two army officers accused of plotting to seize the Cabinet of Prime Minister Adolfo Suarez in November, 1978.

The verdict led Spanish politicians to propose the amnesty of the UDM officers, under the principles of reconciliation and non-discrimination enshrined in the new democratic constitution.

Senior members of the army reacted promptly, however. In July, the committee of the army chiefs of staff—the highest organisation in the 260,000 strong military—requested an audience with King Juan Carlos and decided to make its disapproval public.

According to Press reports, the chiefs of staff prepared a document as critical of the proposed amnesty as senior members of the army had been when the Government decided to legalise the Spanish Communist party in 1977. But Sr. Agustin Rodriguez Sahagun, the Defence Minister, denies he has received a document from the chiefs of staff. Instead, he says, he has received notes providing information on army opinions.

These opinions, sounded out that same month by divisional commanders, suggests that a majority of army officers are opposed to the bill. Other army officers, however, have criticised the way the survey was conducted and emphasise that there were a large number of abstentions.

Shortly before leaving for their summer holidays, both Prime Minister Adolfo Suarez, and Sr. Sahagun indicated they were in favour of amending the Bill.

Note of chaos in Italian kidnap measure

By Rupert Cornwell in Rome

AN INITIATIVE by a Calabrian magistrate, aimed at identifying people laundering money paid over in kidnap ransoms, threatens to add an extra element of chaos to Italy's already inefficient and over-bureaucratised banking system.

From yesterday, anyone who wants to pay in L100,000 (£50) denomination bank notes across a bank or post office counter will have to produce a document to identify himself, to be duly noted down by the cashier.

If he does not, according to the new edict, the cashier will keep the money and be obliged to "notify the judicial authorities" at once. For regular transactions involving L100,000 notes, he will have to keep a register in the till and to record the number of the identifying document and the serial numbers of the banknotes.

The move was taken four days ago by Sig. Francesco Colicchia, an examining magistrate in the Reggio Calabria public prosecutor's office, who is involved in investigations into several of the kidnappings which have long plagued the southernmost province of mainland Italy.

Such is the power of investigating magistrates here that this decision takes effect automatically throughout the country. The instructions have been passed on already by the Posts Ministry, and by the Bank of Italy to its regional offices and to ordinary commercial banks.

The provision will only operate until October 9; but that two-months period bodes fair to create further delays on top of those which usually accompany the simplest transaction for a bank customer.

There are nearly 7.5m L100,000 notes in circulation. They are always awkward to change, but clearly meet a need in a country where most people still have no bank account, and where even electricity, gas and telephone bills are generally paid in cash after a queue at the relevant post office counter.

Cashiers are already complaining about the new measure and, if precedent is anything to go by, the normal Italian ingenuity will again find ways of getting round it.

Most important of all, the fact that the measure is now public will presumably reduce whatever chances it offered of identifying those involved with kidnap gangs.

Sig. Colicchia himself angrily declared yesterday to a newspaper reporter that if the move became known, it would at once become pointless. But, it might be asked, how could it ever have been kept quiet in the first place?

Large coal reserves discovered in Granada

By Our Madrid Correspondent

SPAIN'S STATE mineral prospecting company, Empresa Nacional Adaro, has said there are estimated coal reserves exceeding 100m metric tonnes at two newly discovered open-cast mines—Arenas del Rey and Padul—in the south-eastern province of Granada. If the estimates are proved correct this would make Granada one of the most important coal mining area in Spain.

The mines, which are both part of the same geological formation, are owned by the state. However, their eventual exploitation will be open both to private and state companies and decided by an international bid.

According to the prospecting company, the mine at Arenas del Rey has total estimated coal reserves of 53m tonnes, of which some 39m tonnes may be exploited. Production at this mine is due to start in two years time at an annual rate of 2m tonnes. Initial investment costs are calculated at $57m (£24m).

In the other mine at Padul estimated reserves are 57m tonnes, but of this only 21m are considered exploitable. The initial investment here is put at $19m (£8m).

The prospecting in Granada, carried out by the Adaro company, fits in with Spain's National Energy Plan for the 1977-1978 decade, which was approved in Parliament last year. According to this plan, one of the ways in which the country is going to reduce its heavy dependence on imported fossil fuels is by doubling coal production from roughly 22m tonnes last year to 44m by 1987.

With this in mind, Adaro, which belongs to the state holding company Instituto Nacional de Industria (INI) began prospecting for minerals in Granada last year.

This year INI's total investment in the iron and steel and mining sectors combined was increased to Pta 23.6bn (£140mm), 81 per cent above 1979.

Britain pays higher price for Odin Field gas

BY FAY GJESTER IN OSLO

GAS FROM Esso's Odin Field, in Norway's North Sea sector, has been sold to the British Gas Corporation at a price "slightly higher" than that being paid for Frigg Field gas.

This was disclosed at a news conference held by Esso in Oslo. The Odin Field gas, scheduled to start flowing in October 1984, will be piped to Britain via the Frigg field.

Development of Odin, and landing of the gas in the UK was formally approved by the Norwegian Government last month. Previously regarded as a marginal field, it has reserves estimated at 33bn cu metres, of which some 25bn cu metres are believed recoverable.

Esso expects Odin's development to cost $400m-$500m (£170m-£212m). Production will be from a small, four-legged steel platform resting on the seabed.

During hook-up, and while production wells are being drilled, a mobile rig will be anchored beside the production platform to provide the accommodation and services needed during this phase of the field's development. When the platform comes fully on stream, a crew of only 35 will be needed, and the mobile rig will no longer be required.

Aker Contracting, a company in the Aker shipbuilding and offshore fabricating group, has been awarded a contract for project services on Odin worth some $25m (£10.6m).

Tenders for the mobile rig, and for some of the building work on the production platform, will be invited around the end of this year.

Esso has not committed itself with the Norwegian authorities to place any specific proportion of the Odin field contracts in Norway.

OECD warns Portugal over slow growth

BY DAVID WHITE IN PARIS

PORTUGAL IS likely to see its economic growth rate drop this year to about 3.5 per cent compared with 4.1 per cent last year, the Organisation for Economic Co-operation and Development says in its latest report. It warns that, with low income and high unemployment, the country cannot afford to adjust permanently to a slow growth rate.

More sustained growth can only come from a big increase in productive capacity, including reform of the "archaic" farm sector. Lack of productivity in agriculture—which the OECD says cannot be improved effectively until the problem of property rights is settled—an inefficient tax system, a "cumbersome" public sector and a scarcity of information are the prime targets of criticism in the organisation's annual review of the country.

The report also warns that, despite the Government's success so far in dealing with the balance of payments situation the outlook is deteriorating because of higher oil prices and slack demand from trading partners. The current account is expected to show a $600m (£253m) shortfall this year after a $150m surplus in 1979, and the trade deficit is seen widening to $3.3bn from $2.42bn.

Describing inflation as the main short- and medium-term problem, the OECD says Portugal appears likely to achieve its target of cutting the rise in consumer prices to 20 per cent this year, compared with 24 per cent in 1979. Since this is partly a result of price control, companies' profit margins are also expected to narrow.

There is ample opportunity for foreign investment, the organisation says, but this will depend on a reasonable control of inflation and "a clear and stable institutional framework allowing the interaction of market forces."

The Government is urged to consider an overhaul of its tax system, which is judged too complex and too open to evasion, and to tighten its control over the public sector.

In particular, vigorous efforts are called for too improve the management methods and the financial situation of public enterprises. The OECD says those concerns have acted as a burden on the economy in recent years, but, if properly managed, could become a leading factor of development.

General Government investment is thought likely to increase only slightly this year, as nationalised companies are forced by financial problems to slow down and local authorities encounter difficulties in carrying out their programmes. Private fixed investment, on the other hand, is expected to increase by about 6 per cent, leading to a total increase of about 4 per cent.

Kremlin broadside for Euro-communists

BY LESLIE COLITT IN BERLIN

A LEADING Soviet official has accused the Italian Communists and other Euro-communist parties of "opposing the foreign policy of the Soviet Union" by their criticism of the Warsaw Pact alliance.

Mr. Boris Ponomarev, the Soviet central committee secretary in charge of relations with non-ruling Communist parties, attacked prominent Euro-communists who, he said, do not regard the "imperialists, supported by the aggressive Peking hegemonists" as the source of all evil in international politics. Instead, he said, they criticise the "bloc policies" of both NATO and the Warsaw Pact.

Mr. Ponomarev has vented Moscow's extreme displeasure with the West European Communists in a leading journal of the Communist movement, "Problems of Peace and Socialism," published in Prague. As usual with such attacks, he refrains from naming the Euro-communists but leaves no doubt who he means.

The scathing Soviet attack comes at a time of new confrontation between Italian Communists and Christian Democrats. The latter have stated their total opposition to any participation by the Communists in government.

The Soviet party secretary said the criticism of the Warsaw Pact could only have "one real purpose"—to pit the Euro-Communists "against the foreign policy of the Soviet Union." By calling for a new alliance of forces opposed to both Washington and Moscow, he said, the Euro-communists hoped to embark on a "third way" in international relations. He accused them of "slandering existing Socialism," disorientating working people and "considerably weakening the peace movement."

Citing the Euro-communists, Mr. Ponomarev said it was "completely false to maintain that NATO is a defence allliance." In a final dig at the Italian Communists, he noted that this led to the "naive conclusion" that NATO could be utilised as a kind of defence shield in the event of a "victory of the democratic forces in one or another Western European country."

Mr. Ponomarev: venting Moscow's extreme displeasure

The Soviet official was instrumental in organising the 1976 conference of European Communist parties in East Berlin, at which the Soviet Union toned down its criticism of the Euro-communists and papered over many of their differences.

● Herr Franz Josef Strauss, the West German opposition leader, yesterday called on Chancellor Helmut Schmidt to urge East Germany to dismantle explosive devices which he said were dotted along its western border, Reuter reports from Bonn.

IG-Metall confers

The West German metal workers union, IG-Metall, has called an extraordinary session of its executive committee to discuss a response to the breakdown in talks with Mannesmann on the proposed merger of its steel and pipemaking divisions, Reuter reports from Frankfurt.

Interest to be paid on nationalisation bonds

BY JIMMY BURNS IN LISBON

IN A MOVE aimed at increasing private investment confidence, the Portuguese Government yesterday announced that, from October 1, it would make available the first interest payments on bonds issued in compensation for nationalisations carried out during the revolution.

But Sr. Anibal Cavaco Silva, the Finance Minister, made clear during a news conference that the Government had taken into account the policy of its own Treasury and is determined to prevent the sudden release of large sums of money.

A number of bond-holders will be encouraged to channel their compensation payments into specific investments. Priority will be given to projects which are export-orientated, labour intensive and which make available a substantial amount of technical know-how. Special emphasis has also been laid on inland regional development. Until now, most major investments have been concentrated in a small area along the Portuguese coast.

Sr. Cavaco Silva also said that bond-holders would be encouraged to convert their bonds into shareholdings in certain concerns which were nationalised following the revolution. These are mainly companies in which Portuguese banks became major shareholders following the nationalisation of the banking system in 1975.

A number of these are set to expand within the context of Portugal's future membership of the European Community. However, they need to have their finances put on a more solid footing because of an absence of medium-term credit.

The first group to be paid next month under the new system of compensation will be an estimated 80,000 Portuguese shareholders who were involved in Fides and Fia, the country's two main investment trusts before the revolution.

There appear to be delays, however, in settling the outstanding problem of compensation for foreign companies and private farms nationalised in 1975. About 1 per cent of the total value of money is being earmarked for foreigners. Under a recently approved law, these will be entitled, through a different compensation mechanism, to cash their bonds immediately and transfer their capital abroad.

Sr. Cavaco Silva: stimulus for investment

A principal sticking point concerns a West German farmer who is claiming a nestimated DM 5m (£1.2m against DM 3 (£716,000) offered by the Portuguese Government. The West German Government indicated recently that it would not authorise any large new investment in Portugal until outstanding claims had been resolved.

In a further development, Sr. Cavaco Silva yesterday announced a new law regulating the establishment of private investment banks in Portugal.

The new law liberalises further the operation of investment banks by allowing them to open full branches, operate in the inter-bank money market and have access to the refinancing facilities of the Bank of Portugal. However, Sr. Cavaco Silva emphasised yesterday that they would not be able to accept short-term deposits and that the establishment of private banks in Portugal remained effectively proscribed at least until after the October general election.

Norway £68m deficit in July

OSLO—Naorway's trade balance in Ju9ly showed a deficit of N.Kr 782m (£68m), compared with a surplus of NKr 34m (£1m) for the same month last year, the country's Central Bureau of Statistics reported yesterday.

But for the first seven months this year, Norway had a trade surplus of NKr 572m (£49.9m) against a deficit of NKr 1.4bn (£122m) for the same period last year. The seven-month surplus was because of *increased oil and gas exports.*

AP

More Belgians are out of work proportionately than any other nation in the EEC, writes **Giles Merritt** in Brussels

Belgium running away with Europe's unemployment record

IN BRITAIN it produces uproar in the House of Commons. In France it is becoming increasingly important to President Valery Giscard d'Estaing's effort to secure re-election next spring. Yet in Belgium, where proportionately more people are out of work than anywhere else in the European Community, the spectre of unemployment on a scale matching that of the 1930s has failed to become a live political issue.

The reason is that wealthy Belgium has been able to maintain a liberal, indeed generous, social security system, which has banished real hardship. The trouble now is that, just when the handsome unemployment benefit system is needed, Belgium can ill afford it. The Belgian state's finances are in crisis, and pressure is increasing to cut the scope and scale of dole payments.

At some point in the not-too-distant future this promises a major political wrangle which may at last shift the spotlight away from the politicians' interminable bickering in the "language war" between the Flemish-speaking and French-speaking communities. For Belgium today not only holds the record for the worst unemployment in the European Community, but is also a strong ... contender as the c... the most unenviab... ment outlook. Within ... four ... legitim-ate ways exist for assessing unemployment in Belgium. But with a surge in the birthrate in the 1960s bringing school-leavers on to the labour market at an unprecedented rate over the next five to 10 years, the Government is now less interested in analysis than action. Mr. Willy Claes, Belgium's Economic Affairs Minister, recently resorted to shock tactics to drive home the dimensions of the problem.

WORLD IN RECESSION

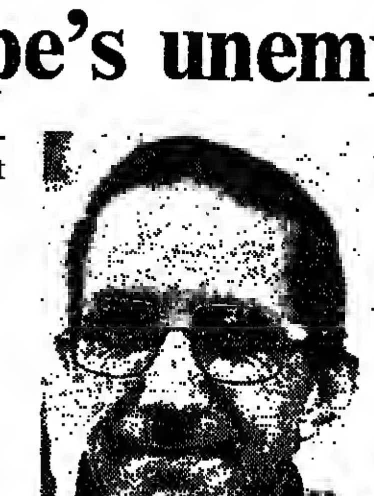
... the dole queues are liable to double.

Last year, after a spate of closures and restructurings in traditional industries, Belgium overtook the Irish Republic in the unemployment league drawn up by the European Commission in Brussels. The Eurocrats' calculations showed Belgium with an annualised rate of 8.8 per cent, while the UK came fifth with 5.7 per cent. By the end of 1979, Belgium's monthly returns showed a level of 9.3 per cent.

So far this year, Belgium has remained at the head of the table with much the same rate. Some figures prepared inside Belgium, however, paint a considerably worse picture. The non-government Conseil Central de l'Economie, which links employers and unions, recently ... short

Belgium's unemployment total of 307,000 will double to around 600,000 within five years, he recently announced in a rare television interview. And that frightening figure, he emphasised, is based on such comparatively optimistic economic assumptions as a sustained 1.5 to 2 per cent real growth gross national product in each of those five years, together with inflation being contained to 6.5 per cent or so, as in West Germany.

Belgium's unemployment will nearly double to around 600,000 in the next five years, warns Mr. Willy Claes, right, the Economic Affairs Minister, even with 1.5 to 2 per cent real growth in gross national product and inflation held to around 6.5 per cent.



Hardest hit

The Belgian unemployment crisis is perhaps best illustrated by picking out not the hardest-hit industrial area, but one which, while statistically among the least afflicted, is grappling with an accelerating jobs problem. If Flanders is still prosperous in relation to the French-speaking Walloon southern half of the country—where unemployment averages around 14 per cent and where there are pockets of up to 25-30 per cent—then the small West Flanders town of Kortrijk is doubly fortunate. Conditions are bad in Kortrijk, but not as bad as elsewhere.

Kortrijk (its French name is Courtrai) does not see it that way. Even if its 8.7 per cent unemployment rate compares well with the overall West Flanders figure of 11.2 per cent, the town is concerned by a wave of factory closures. It is the long-established centre of Belgium's textile and clothing industries, which until lately provided over half of all jobs. That proportion has slumped to less than a third, and is still falling. Until five years ago, Kortrijk was still a magnet for industrial investment and for job seekers. But closures are running at three times the normal rate and young people are drifting away to Brussels and Antwerp in search of work.

It is, though, those who stay behind and draw the dole who are at the centre of a rumbling controversy over the social security system's future. Young girls who leave school and sign on for unemployment benefit without ever having worked, or wage earners' wives who supplement the family's income with their dole cheques, are frequently cited as unfair burdens on the taxpayer.

The public view that unemployment benefit is all too often abused is borne out by government figures. The number of exclusions, permanent and temporary, from the payments system is now running at about 33,000 a year, well over 10 per cent of the total. These often result from fraud or some lesser impropriety, while the number of fraud investigations by the social security uthorities has been rising by 20 per cent a year.

Many Belgians would undoubtedly support a radical reform of the system—the most often expressed idea is a "breadwinners only" benefit—two major obstacles are in the way. The first is that it would in practice entail reducing women to second-class citizenship. Even if Belgian politicians and business leaders are sometimes tempted to belittle the unemployment problem by pointing out that well over 60 per cent of the registered jobless are "only women," any attempt to deny them equal rights would be political dynamite.

The second snag is equally explosive. Tinkering with unemployment benefit would hit Wallonia hardest and would inflame the community issue. No one in Belgium is likely to forget that when modifications to social security were last proposed in 1961 the Government was confronted with several weeks of what amounted to a general strike there, and an uncharacteristic outbreak of ugly violence.

Yet something has to give. Mr. Wilfried Marten's Government is giving top priority to job creation, calculating with an eye to the state's parlous finances that subsidising jobs costs no more than paying dole money, and also helps to stimulate the economy. Various schemes helped to lop 200,000 people off the unemployment total during 1978-79, and a new 1980-84 plan drawn up by Mr. Roger de Wulf, the Minister for Labour, will cost $170m and aim at creating 30,000 extra jobs a year in private industry. Even so, the Government knows it is fighting a losing battle.

Scare tactic

Belgium's open and export-oriented economy will doubtless brighten the unemployment picture when the recession lifts. But the odds are already loaded heavily against Belgium by its demographic curve.

Mr. Claes' forecast of unemployment doubling to 600,000 may be a scare tactic to win acceptance of economic stringency. But even the more conservative figure advanced by the Government's Bureau du Plan—of 450,000 unemployed by the mid-1980s—will place an intolerable strain on the country. To make matters worse, it has been suggested that 69 per cent of the additional labour force stemming from the 1960s birth rate boom will be made. The absence of political heat, despite a decade in which unemployment has risen by almost 180 per cent, is often attributed to the fact that unemployed women tend to be less militant.

Bleak as the medium-term outlook is, Belgium's long-term future offers a ray of hope. By the 1990s the present population of 10m will have slipped to around 9m and there will be a much smaller "inactive" element. It only remains to be seen how much of the comparatively large "active" population *will by then be actively working.*

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Jurek Martin reports from New York that the Senator holds the power to determine the Democratic Party's election chances in November

Kennedy's defeat may still tarnish Carter's triumph

THE END, when it came, was quick, unexpected, and almost an anti-climax. Less than two houra after President Jimmy Carter had conclusively demonstrated that this was his Democratic convention, Senator Edward Moore Kennedy, for years the party's, and supposedly the country's heir-apparent, the man who nine months ago was being told by nearly everybody that the time had come to claim his inheritance, confessed on television that the game was up.

He bas known political defeat before. Back in January, 1971, he was unceremoniously ousted as the Democratic chief whip in the Senate by Mr. Robert Byrd from West Virginia, whose humble origins, less-than-grandiose reputation, and mastery of the art of political infighting bear at least passing resemblance to Mr. Kennedy's conqueror in 1980, Mr. Jimmy Carter. Even the reasons for his defeat nine and a half years ago—the distrust felt as a result of the Chappaquiddick incident, an ineffective campaign among his senatorial colleagues, the failnre to count heads thoroughly—are partly valid today.

But the impact of the 1980 setback, both on the Senator aod on tbe Democratic Party, far transcends his humiliation by Senator Byrd. Now, but not then, he bolds the power to decide whether the Democratic Party haa a fighting chance to retain the Presidency. Now, but not then, he must take a cold, hard look at his own longer-term presidential ambitions, because sooner, rather than later, a breed of younger Democrats imbned with different philosophies will emerge on the scent of national leadership in the 1980s.

Mr. Kennedy's performanca before his dismayed supporters on Monday night was curiously enigmatic. On the one band, there was generoslty in admitting that his cause was hopeless, that to insist on having his name placed in nomination tonight would merely perpatuate the divisions between his legions and those of President Carter. It was this which prompted Mr. Walter Mondale, the Vice-President, who was being interviewed oo television at the time, instantly to describe his concession as "a class act".

On the other hand, be mada no immediate promise to join in common cause with the President in the battle against Mr. Ronald Reagan and the Repnblicans. Implicitly, the Senator was still bolding out for the convention's adoption of the liberal economic policies which he holds dear, but to which Mr. Carter is averse. Perhaps his purpose was both honourabla and well-intended—to forge the sort of tough compromise on economic issues which be believes will make it possible for himself and his supporters to campaign enthusiastically for the President in the next three months. Bnt he did not say this in so many words, nor has he yet disclosed wbather he will appear, symbolically, side by side with Mr. Carter at the conclusion of the convention tomorrow night.

At a personal level, his reluctance must be understandable. It is not simply that Mr. Kennedy has compaigned hard for the nomination, staying in the race through many a primary loss and even, after the primaries were over, playing his last card, the "open" convention ploy, for all it was worth.

Yesterday's man—a new breed could darken his hopes for a tomorrow

Rather it reflects the fact that, as the election year unwound, Senator Kennedy seemed to find comfort, even consolation, in the underdog role with which he was saddled. It was, it often seemed, as though be were exorcising the demons of Chappaquiddick.

The last months of his campaign, when he preached his liberal doctrine with increasing force, portraying in the process the philosophical gulf dividing him from the President, demonstrated an ability to run far above the stumbling, inarticulate ramblings which marked its beginnings. Mr. Kennedy may even feel, as many of his supporters certainly do, that the President played the game unfairly, especially in tbose critical spring months when Mr. Carter was able to avoid confrontation by remaining presidential in the White House, grappling with foreign policy problems partly of bis own making.

But, through it all, Senator Kennedy bas invariably turned a curiously blank face to the public. In countless interviews this year he has deflected attempts to probe hls own soul, taking refuge instead in enunciating policies. Mr. Carter, it sometimes seems, is eternally reflecting to the world at large on the vicissitudes of life and the Presidency, but Mr. Kennedy appears uncomfortable with such opeo introspection. It may be a characteristic which owes much to the fact that, being a Kennedy, there is little time for privacy, and to his need for building a defensive wall around his inner being.

As a result, nobody, not even those close to him, know for certain what be will do politically in the 1980s. Conventional wisdom suggests that, no matter what the result on November 4, he will be a potential conteoder in 1984. If the Democrats win, there is doubt that Mr. Mondale, after wbat would be eight years backing np Mr. Carter, and with his known and engaging lack of overweening personal ambition, would be anxious to take over. If the Republicans win, the Democrats will be looking for new leadership for the necessary regrouping, lo which Mr. Mondale may play only a transitional role. Whatever the outcome in November, Mr. Kennedy will be in a position to capitalise, if he wants to.

But that is the longer term. The immadiate problem is Mr. Ronald Reagan. The army of Kennedy supporters may, as has now been demonstrated, constitute only a faction of the Democratic Party, but it is a large one. Moreover, it is loyal—to the Kennedy name, to the Senator himself, and to the policies with which he is associated. Consumed by intra-party rivalry, many of the foot soldiers conceive the real enemy to be not the Republican nominee, but their own Democratic President.

Talking to Keonedy delegates here brings home the fact that many, bitterly disappointed in defeat, are capable of defecting to Mr. John Anderson, tha independent candidate, or of simply staying home in November. Mr. Hamilton Jordan, Mr. Carter's political director, put it even more bluntly: "Wa may not need him, but we need his people."

But that can be achieved only if Senator Kennedy tells "his people" that ha knows the foe, and it is Ronald Reagan, not Jimmy Carter.

The more experienced political professionals at the convention are more receptive to this proposition than are the rank-and-file Kannedy loyalists. As Congressman Morris Udall put it in bis keynote speech on Monday nigbt: "If we baodle ourselves right io the next 72 hours, we have a serious chance to win in November."

The thrust of bis speech, riddled with the bumour which made him sucb an attractive addition to the 1976 nomination race, was much like that delivered by innumerable Republican speakers in Datroit last month: that wbat divides the party is less significant than what divides it from the opposition.

Mr. Carter's forces have a significant role to play in forging unity. They bave sbown, once again, that when it comes to political organisation they have few peers. For the best part of a year they have been taking their supposedly talented Kennedy counterparts to the cleaners, crowning it with a marvellously disciplioed performance in the rules debate on Monday evenlng. Now they must find magnanimity in victory, without sacrificing the principles on which they fought their successful campaigns, much as Seoator Kennedy must find magnanimity in defeat. They can, after all, expect few favours from Mr. Ronald Reagan.

World Bank net profits show increase of 44%

BY DAVID DODWELL

THE WORLD BANK has announced net profits of $588m (£248m) for the fiscal year ending Jnne 30, 1980—an increase of 44 per cent on profits for fiscal 1979.

Abont one-third of the Bank's gross profits represent returns on investments, with the remaining two-thirds generated from interest charged on outstanding loans.

Of the net profit, at least $100m will be transferred to the funds of the International Development Association (IDA), the Bank's soft-loan arm, while the remainder—about $488m—will be put back into reserves.

The Bank said tha rise in profits was in large part dua to a 15 per cent increasa in gross revenoes. At the end of the financial year, short-term liquid assats stood at $10bn, which represented 34 per cent of outstanding debt, which was $29.7bn as of June 30.

Healthy profits would help borrowers in two ways: by adding to IDA funds, it makes more concessional aid availabla to the world's poorest borrowers; and hy adding to reserves, it reduces the sum that bas to be raised on the international capital markets, enabling the Bank to lend at lower rates of interest.

On July 1, the Bank raised its lending rate from 8.25 per cent to 9.25 per cent — but the increase would have been greater without the contribution mada to reserves by the year's profit.

The Bank expects to borrow a total of $6.6bn in the financial year just started. It has made a lightening start to the year, with borrowings of $2.68bn approved by tha board as of yesterday almost 40 per cent of the yaar's borrowing needs. An average interest of 8.45 per cent is being paid on loans raised so far.

Chrysler pins hopes on K-Car

BY IAN HARGREAVES IN WASHINGTON

CHRYSLER, WHICH a week ago rolled the first of its K-Cars off a Detroit production line, is making a bold bid to secure adequate profit margins on the car on which its future depends.

The company has sent to dealers preliminary pricing lists, which suggests a retail price tag for the K-Car, to ba sold as the Dodge Aries and Plymouth *Reliant*, of between $6,000 and $7,000 each without optiooal extras.

That compares with the recently-increased price of the comparable Datsun 510 of $5,689 and with the lowest General Motors price for a car in the K-Car size range of $4,800 for the conpe versinn of the Chevrolet Citation.

GM, however, is also proposing an average 6 per cent increase in prices this autumn and is thought likely to try to load the heaviest increases on to its smaller models, wbere traditionally profit margins have been lowest.

Ford has not yet declared its hand, but is also desperate to be able to set substantial margins for its world car, the Ford Escort, due to be launched shortly in both Europe and tha U.S.

Chrysler's break on prices, although certain to be reversed if the competitinn forces prices lower, is significant because it represents part of Detroit's strategy for luring American car buyers from the traditiooal notion that the smaller the car the smaller the price.

With the entire U.S. motor industry operating deeply in the red and public preference still moving in favour of smaller cars, Detroit knows it mnst establish healthy price levels this autumn or face further financial difficultiea next year.

Chrysler plans to build 180,000 K-Cars this year and 500,000 next year, with size options from a 2.2 litre to a 2.6 litre engine.

Texas counts its blessings

CORPUS CHRISTI — Governor Bill Clements said the state of Texas was "truly blessed" that Hurricane Allen did not cause havoc on the Gulf Coast.

Two people died, thousands were forced to flee their homes and damage may exceed $200m.

However, in the Caribbean, where Allen raged last week with winds of up to 170 mph, evidence was uncovered that the death toll may have been more than 240, instead of about 100, as officials had thought.

Tibor Nagy, a U.S. ambassy official in Haiti, said reports from rescue teams indicated it was possible that Allen bad killed more than 200 people in that country, wbere authorities bad baan pntting the toll at 56.

President Jimmy Carter declared six South Texas counties disaster areas on Monday, AP

Salvador strike plea

THE EL SALVADOR Government bas issued strong appeals to workers to ignore a three-day strike called by left-wing groups and due to bagin today, AP reports from San Salvador.

The strike has been called by the revolutionary Democratic Front, an umbrella organisation of students, workers, and professional people. They said the strike would be co-ordinated with military actions

Mexico launches summit drive

BY OUR MEXICO CITY CORRESPONDENT

MEXICO has launched a behind-the-scenes drive to prepare for a summit of about 20 world leaders early next year to deal with the economic imbalance between developing and industrialised nations.

Although the biggest hurdle—agreement on the choice of participants—has yet to be cleared, non-Mexican diplomats involved in the preliminary plans report that the proposed three-day meeting has a fair chance of going ahead in Mexico City by next March.

The idea of a limited "North-South" summit was floated early this year by a commission on developing world problems chaired by Herr Willy Brandt, the formar West German Chancellor. President Jose Lopez Portillo, who has been striving to establish Mexico as a major voice in the campaign for a "new international economic order" quickly took up the project and joined forces with Dr. Bruno Kraisky, the Austrian Chancellor, in trying to persuada potential participants that a summit could produce something more than rhetoric.

While giving qualified approval, many countries were initially unwilling to commit themselves to what could become another talking shop. Previous attempts at North-South dialogue, such as the Paris conferences which President Valery Giscard d'Estalng sponsored from 1975, have bogged down with mutual recriminations and failure even to identify a basis for negotiations.

But Mexico and Austria have argued that an nnstructured meeting of leaders from the industrialised non-Communist world, the oil producers and the developing countries conld at least give a healthy impolse to formal negotiations in other forums, such as the United Nations.

OVERSEAS NEWS

EGYPTIAN PRESIDENT'S AUTONOMY DILEMMA

Vote on Jerusalem forces Sadat to crucial decision

BY ANTHONY McDERMOTT

WITH A month of meditation and fasting through Ramadan hehind him, President Anwar Sadat of Egypt, is due to receive to day the views of his Government on whether to sbandon talks with Israel on Palestinian autonomy in the West Bank and the Gaza Strip.

Mr. Sadat has been placed in this position, partly because more than one year's bilateral talks on this topic have heen almost completely unproductive, but mainly because of a Bill passed in the Israeli Knesset at the end of last month, proclaiming Jerusalem, whose eastern part was annexed by Israel after the 1967 war, the "*complete and united*" capital of that country.

The most extreme ontion that Mr. Sadat might logically choose would he an indefinite suspension of the talks. But he has always been an unpredictable man. He might be drawn by several factors into a decision which would effectively mark the end of the Camp David process.

The first factor is Mr. Sadat's deep personal disappointment and disillusionment with Mr. Menahem Begin, Israel's Prime Minister, whom he used to call with genuine feeling "my friend Menahem."

The second would be a recognition of the obvious—tbat the autonomy talks have been useful only in establishing the principle that an Arah Government can talk formally and openly to Israel.

Thirdly, there must be tbe temptation to start the long march back into the Arab fold. There have heeo distant beckonings. Both Morocco and Tunisia have sent Mr. Sadat letters urging him to stand firm on Jerusalem. Saudi Arabia has also been trying to woo Egypt hack.

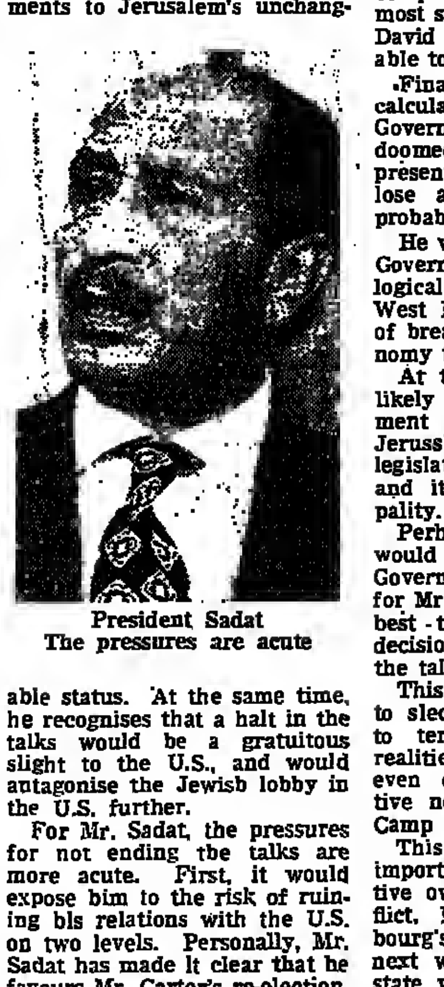
Al-Ahram, Egypt's leadiog newspaper, yesterday reported that Egypt had sent a letter to the Jerusalem Committee of the Islamic Conference Organisation *explainiog its* position on Jerusalem.

The positions of the two sides have been enshrined in sn exchange of letters between Egypt and Israel earlier this month. Egypt objected to the establishment of *preconditions—through* Israel making all Jerusalem its capital—for talks.

A key part of Mr. Begin's reply was that "I have never misled you. I have repeatedly declared that Jerusalem was the capital of Israel and is indivisible." Al-Ahram said yesterday that a second letter is to he seot to Israel this weekend.

Both Mr. Begin and Mr. Sadat face dilemmas, but neither, finally, could logically want the autonomy talks to be ended. United Jerusalem is probably the last remaining issue which can keep Mr. Begin's tattered Government united and undefeated in the Knesset.

He wants also to go down in history as tbe Prime Minister that committed future Governments to Jerusalem's unchangable status. At the same time, he recognises that a halt in the talks would be a gratuitous slight to the U.S., and would antagonise the Jewisb lobby in the U.S. further.



President Sadat
The pressures are acute

For Mr. Sadat, the pressures for not ending tbe talks are more acute. First, it would expose bim to the risk of ruining bis relations with the U.S. on two levels. Personally, Mr. Sadat has made it clear that he favours Mr. Carter's re-election, and to undermine the latter's *sole identifiable foreign affairs* success might make this less likely.

In general terms, be would put at risk direct aid amounting to over $1bn a year and military assistance at a time when the armed forces are in the middle of shifting from almost exclusive dependence on Soviet arms to diversification.

Second, it would be for Mr. Sadat as much as for Mr. Carter s severe foreign policy setback to suspend the talks and thereby acknowledge what critics of Camp David have always maintained: that the talks on autonomy would lead nowhere.

Third, a suspension of the talks would mean for the moment, and until Israel mskes concessions on Jerusalem and the Palestine Liberation Organisation, that the return of a third slice of Sinai would be delayed.

The re-acquisition of Israeli-conquered land has heen the most substantial result of Camp David that Mr. Sadat has been able to point to.

Finally, Mr. Sadat must be calculating that Mr. Begin's Government is virtually doomed, and that according to present calculations, would lose an election to be beld probably next spring.

He would bope that a Labour Government with its less ideological apprnacb towards the West Bank migbt offer means of breathing life into the autonomy talks.

At the same time, it is unlikely that a Labour Government could reverse both the Jerusslem Bill and the 1967 legislation making Jerusalem and its environs one municipality.

Perhaps the best way out would be for the Egyptian Government to recommend and for Mr. Sadst to accept that tbe best tactics are to stall any decision on ths continuation of the talks.

This would give the U.S. time to slect a President and come to terms with the pressing realities of the Middle Esst and even contemplate an alternative negotiating framework to Camp David.

This impasse underlines the importance of tbe EEC initiative over the Arab-Israeli conflict. M. Caston Thorn, Luxembourg's Foreign Minister, will next week complete his nine-state visit of the Middle East and thereafter report to Mr. Edmund Muskie, U.S. Secretary of State.

The ability of the EEC countries, which bave called for the associationship of the PLO with negotiations for a comprehensive peace settlement, to affect *this themselves is* remote.

But this initiative does create tbe impression of diplomatic action which is essential whstever Mr. Sadat decides to do, during the next few days, about his bilateral negotiatioos with Israel.

Western banks look hard at Iranian compensation terms

BY PATRICK COCKBURN IN TEHRAN

FULL DETAILS of Iran's plan to compensate foreign shareholders of hanks nationalised last year have not yet emerged. A key question still to be resolved is whether such payments are to he made in convertible *currency* or *government* bonds. There is also some doubt wben the estimated $30m-$40m will be made to foreign banks.

Western observers are now suggesting that the compensation terms being offered amount virtually to confiscation.

The Government is clearly not keen to part with foreign currency and any compensation paid to foreign banks will be politically unpopular in Iran.

Smaller Iranian shsreholders will he more gently treated, hut big shareholders, often politically suspect or out of the country, and foreign banks will only receive compensation after the performance of a bank between March 21, 1978 and nationalisation on June 7, 1979 has heen assessed.

The surprise nationalisation *move* last year *involved* the takeover of 13 joint venture banks out of a total of 25 commercial banks. Many were badly hit by the Revolution with widespread withdrawals and their branches frequently burnt out by anti-*Shah* rioters at the end of 1978.

At the time of the nationslisation decree, foreign shareholders were assured that compensatioo would he "adequate." Faced with the difficulties of operating in revolutionary Iran, representatives of major western banks would not, at that time, have been displeased to get the net book value of their holdings.

Under the Sbsb foreign hanks were in any case limited, with two exceptions, to 35 per cent shareholdings. The British Bank of the Middle East (BBME) bad a sharebolding of this aize in the Bank of Iran and the Middle East, and Standard and Chartered similarly had a 35 per cent share in the Irano-British Bank. Both *suffered badly during* the Revolution.

Lloyds, Midland and Barclays bad a nominal bolding in the Industrial and Mining Development Bank of Iran: William and Glyn's in the Development and Investment Bank of Iran.

In the past year, the Iranian banking system has been reorganised into five commercial bsnks, two development hanks snd the housing bank, with the Central Bank playing a vigorous and successful role in organising and co-ordinating tbeir activities.

This took place agaiost an increasingly radical sttitude to the economy and the banking system, and foreign banks are now firmly associated in the public mind in Iran with the litigation over Iran's $8bn frozeo assets.

The Central Bank emphasises that the losses of some of the banks were the consequence of poor loans and bad management, minimising the impact of the Revolution itself.

WORLD TRADE NEWS

Japan to buy British interferon technology

By David Fishlock, Science Editnr

SUMITOMO CHEMICAL is to license the Wellcome Foundation's technology for the mannfacture nf interferon, the Japanese company announced yesterday.

The Wellcome technology, developed at its research laboratories near Beckenham, Kent, is soon to be pnt into relatively large-scale production in Europe for the mannfacture of a £1m order from the Imperial Cancer Research Foundation.

The process prodnced highly purified interferon on what, by the standards of this drug, is a large scale, using cell culture techniques.

Lymphoblastoid interferon, as the product is knnwn, is made from cancerous white blood cells, cultured by a biotechnology process similar to those used for making antibiotics.

Dr. John Vane, Wellcome's director of research, stressed yesterday that the deal was a complicated one, and the return to his company would depend upon Sumitomo's future *decisions about manufacture*. Investment in the kind of manufacturing plant the Wellcome Foundation itself was planning would involve the Japanese company in a multi-millinn pnnnd investment he said.

Interferou first attracted attention as an antiviral agent in the late 1950s, but has proved extremely difficult to prepare in a form pure enough for clinical trials to be undertaken confidently.

Tbe Wellcome process appears to make a major step forward in prodncing the pnre drug in clinically useful quantities.

Wellcome recently arranged to supply cancer researchers with £1m worth for the first large-scale cancer trials in Britain. In addition, it is carrying out its own clinical trials.

Sumitomo Chemical plans to start clinical tests on interferon in Japan, using interferon supplied initially by Wellcome.

Sweden-Norway rig consortium plans founder

By Fay Gjester in Oslo

PLANS TO FORM a Swedish-Norwegian consortium whicb would buy and operate several oil rigs bave foundered, and Consafe, the main prospective Swedish partner, bas withdrawn. But the Norwegian concern involved, Norcem, intends to continue *efforts to form a gronp* whicb wonld, in the first instance, order one drilling rig.

The scbeme failed because financing terms offered by the Japanese yards wbicb were to bnild the rigs proved less favourable than anticipated, and not enongb Swedisb companies were willing tn join the gronp. The plans were announced earlier this year by Conface Offsbnre, a Volvo subsidiary, and Norcem, a producer of cement and building materials wbich also bas oil interests. They envisaged ordering two drilling rigs and one hotel platform, and it was reporied that preliminary contracts had been cnncinded with Mitsnl and Hitachi, at tenders 20 to 25 per cent below European prices.

The poorer terms now being offered hy the Japanese yards reflect the fact that demand fnr new ships bas picked up reeently, and tbe yards' order books bave been filling up.

AUSTRALIA-EEC TRADE DISPUTE

Canberra may cancel Airbus deal

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Cabinet is investigating the full financial implications of possibly cancelling an order for four Airbuses in retaliation against the EEC's proposed sheepmeat regime. A decision on the Airbus deal is expected by next month wben the sheepmeat regime is to come into operation.

Mr. Doug Anthony, the Depnty Prime Minister and *Minister for* Trsde and Resources, yesterdsy launched another bitter attack on the proposed sheepmeat regime and his office confirmed that the Government was examining the implications of cancelling the Airbus deal worth more than A$200m (£98.35m) signed earlier this year by TAA, the Government-owned domestic airline.

Mr. Anthony threatened last month to divert from the EEC up-to A$1bn in trade unless the Community guaranteed that the proposed sheepmeat regime would not lead to the dumping of subsidise produce on third markets.

The Government bas already indicated that it may be prepared to face the loss of a deposit of around A$30m and tbe inconvenience to TAA and even a possible law suit from Airbus Industrie to show its disapproval of the EEC Common Agricultural Policy (CAP) which has disrupted Australian commodity markets in the past in beef, sugar, and dairy produce through subsidised exports.

TAA was to bave taken delivery of the Airbus, its chosen new generation passenger carrier for the 1980s, later next year. The airline bas mounted an extensive publicity campaign around the glamour of the Airbus and is not, unaturally, very unhappy at the prospeet of losing what was to have been the prestige aircraft of the fleet.

TAA has also entered lengthy negotiations with Airbus Indnstrie about possible off-set deals which would enable some parts for the Airbus to be mannfactured in Australia.

Even so, the Airbus is a likely target ss it would be seen to hit at France which Australia regards as a particulsr sdversary within the GAP snd the effects of the cancellstion in third markets.

Mr. Anthony's hard line against the EEC might have some *electoral* advantage in spite of the cost since there is little sympathy in the Australian Community for the EEC's agricultural policy. Although Australia is itself protectionist on manufactured goods, it considers itself more virtuous than the EEC becsuse it does not disrupt third markets by selling subsidised goods.

The government will look at the possibility of using import controls to force Ansett, the privately owned domestic airline, to share places with TAA on the Boeing 767 production line. Ansett, owned by Mr. Rupert Murdoch, chose the wide-bodied Boeing when TAA chose Airbus earlier this year.

Mr. Anthony's lstest attack on the EEC came wben be called oo New Zealand yesterday to unite with Australia against the Common Market's policies.

He was delivering the opening address *to a* symposium on Australia-New Zealand economic relations which is being beld in Canberra in conjunction with a major review by trade officials of the 1966 Australia-New Zealand Free Trade Agreement (NAFTA).

Opposition plans resources tax

BY OUR CANBERRA CORRESPONDENT

A TAX on resources aimed at the "super" profits of foreign investors and a strengthened Foreign Investment Review Board will be implemented if the *Australian Labour* Party wins the federal *election later* this year.

Mr. Bill Hayden, the opposition leader, opened the 1980 federal election campaign in the island state of Tasmania, althongh the date of the election, widely predicted for October 25, has not been announced by Prime Minister Malcolm Fraser.

Mr. Hayden said the Fraser Covernment had presided over "a massive sell-out of Australian industry and a vast rip-off of Australisn resources." Australia bad become a "welcome mat" for unrestrained and often irresponsible investment by *foreign corporations*.

Mr. Hayden said the Labour Party would *impose a* resource rent tax to ensure that a substantial part of excess profits flowing from resource development was used for the benefit of Australia. The Income Tax Assessment Act would be amended so that transnational companies could not escape legitimate tax obligations.

A resources tax bas long been mooted by the Labour Party for its appeal *to an* electorste which believes Australia's resources are being sold to foreigners too cheaply. The tax would also raise valuable revenue for the Labour Party's expenditure programme.

The Foreign Investment Review Board's functions would be widened, Mr. Hayden said yesterday, to include monitoring of activities by transnational corporations in Australia. It would sdvise on foreign investment, takeovers and take into sccount factors such as employment and export prospects, broadening of the industrial base, introduction of desirable technology and projected tax revenue.

Lambsdorff cautious on China trade

PEKING — Count Otto Lambsdorff, the West German Economics Minister, predicted a slow and cautious development in his country's trade and economic co-operation with China, with particular emphasis oo energy and raw materials.

Count Lambsdorff arrived in Peking last Saturday to attend the first Sino-West German joint economic commission to review bilateral trade and economic co-operation. He is accompanied by a number of top businessmen and bankers.

He told Cerman correspondents the Chinese appeared very cautious and realistic in his discussions with them so far, and that the Peking authorities were also very tight on their financing.

The Chinese Covernment was giving priority to modernising existing plant and equipment, with no major projects in the offing, the Minister said.

Count Lambsdorff said major fields of co-operation between West Cermany and China lay *in raw msterials and* energy, with coal an outstanding example. There were also prospects for co-operation in oil and hydro-electric power.

Count Lamsdorf said he bad made it clear to the Chinese side that the Cerman Government would not provide subsidised credits.

Reuter

UK halves W. German trade gap

BY ROGER BOYES IN BONN

THANKS MAINLY to hefty sales of North Sea oil, the UK has managed to boost its exports to West Germany in the first six months of the year and bas succeeded in balving Germany's surplus in trade between the two countries.

The figures, compiled by the Federal Statistics Office, will give some encouragement to Britisb exporters. They show tbat even wben the oil sales are subtracted, British goods are capturing a larger slice of the German market in spite of tbe relative strength of sterling.

The UK exported DM 11.01bn worth of goods to Cermany dnring the first six months while Cermany exported DM 12.02bn to Britain, leaving Cermany with a surplus of DM 1.01bn, compared with a surplus of DM 2.8bn in the first half of 1979.

This largely reflects Germany's cooscious shift to buying North Sea oil in an attempt to lessen dependence on some of the Arab producers. Including oil, Britain's export total rose by 47.3 per cent compared with the first six months of last year. By contrast, Cermany's exports to Britain increased only by 16.4 per cent during the same period.

But even if oil is excluded, Britisb exports still rose 24.6 per ceot over the first half of 1979, reaching DM 7.79bn against DM 6.25bn.

In relative terms, British goods — including oil — now accouot for 6.4 per cent of all German imports compared with 5.4 per cent in the first half pf 1979. Excluding oil, the Britisb share bas crept up from 4.9 per cent to 5.1 per cent.

The improvement in the British export position mirrors the surprisingly high growth of the German economy during the first balf of this year. Bnt the German economy shows clesr signs of *slowing down; and this* could well bave sn impact on snch normally fast growing British export sectors sucb as leather. The slowdown underlines the importance of price competitiveness in the more sopbisticated consumer goods areas, so thst the problems of a strong pound may begin to afflict British exporters in the coming months.

CAR EXPORTS

July sales boost U.S. share

BY KEVIN DONE IN FRANKFURT

LEADING West German motor car manufacturers improved tbeir sales in the U.S. last month and boosted their market share as a result of the continuing slump in sales by U.S. domestic manufacturers.

The German car-makers have not made such dramatic inroads into the U.S. market as the Japanese, but several have managed to take advaotage of the present weakness of the U.S. manufacturers to increase their market penetration.

Even the German manufacturers have suffered a small decline in U.S. sales over tbe full seven months since the beginning of tbe year—only BMW has beaten last year's performance over this period —but BMW, Daimler-Benz and Volkswagen all sold more cars in the U.S. in July than in the same month last year.

German cars — including U.S. sssembled Volkswagens—took 6.4 per ceot of the U.S. car market last month with the registration of 49,991 new cars as against 5.4 per cent of the market in July, 1979, with sales of 47,662 cars.

Tbe sbare of Germsn direct exports shipped from the Federal Republic has sbown an inevitable marginal decline from 3.7 per cent to 3.6 per cent of the U.S. market as a result of the build-up of VW's U.S. car production, which is steadily cutting back VW exports from West Germany.

However, ths sbare of Volkswagen's local output from its plant at Westmoreland, Pennsylvania, jumped last month to 2.8 per cent of total U.S. car sales from 1.7 per cent in July, 1979.

Sales by its Audi subsidiary are also 2 per cent helow last year's level at 24,921, and sales of Porsche sports cars hsve dropped sharply by 22.6 per cent to 6,688 cars.

The main success story in the U.S. this year bas heen BMW, wbicb pushed up its July sales by fully 24.5 per cent compared with the same month last year to 3,807. Total BMW sales in the first seven months are np 2.4 per cent.

Daimler-Benz has boosted sales of its Mercsdes-Benz range in July by *12.1 per cent to* 4,901, but it is still to make up some of the ground lost in eariler months of the year. Sales for the first aeven months are 6.1 per cent below lsst year's performsnce in the corresponding period at 31,014.

Aggravating the troubles it is facing at its Europesn plants—last week it called for 6,000 redundancies at its Cerman plants—Ford has also been bit by falling aales in the U.S. of its Fiesta model, which it exports from the Federal Republic.

Export record for aerospace

By Michael Donne, Aerospace Correspondent

EXPORTS BY the UK aerospace industry reached a record level of nearly £809m in the first half of this year, nearly £192m better than in the corresponding period of 1979.

Overseas deliveries of aircraft and parts in the first half-year reached nearly £397m, while shipments of new and refurbisbed engines amounted to over £346m.

The Society of British Aerospsce Companies, reporting these results says that if this build-up is maintained, the aerospace industry could set a new record of over £1.6bn in exports for the year as a whole, against last year's total of £1.27bn.

● Canadair, tbe Cansdian aircraft manufacturer, has been awarded ths full Certificate of Airworthiness for its new Challenger executive jet aircraft from the Canadian Covernment, Robert Gibbens adds from Montreal.

How the nuclear weapons club has closed its membership

BY DAVID FISHLOCK, SCIENCE EDITOR

"MEMBERSHIP OF the club is no longer open," remarked an urbane French official at the Industry Ministry about the "nuclear club" of the five acknowledged nuclear weapons states: the U.S., Russia, Britain, France and Cbina.

The club's own reaction to India's attempts to gain admission with its nuclear explosion six years ago made this plain, be believed.

France has come a long wsy in its policy towards the proliferation of nuclear weapons since the Indian explosion (and the unpublicised one that fizzled out before). With Britain, France was one of the first nations to acquire nuclear weapons when the U.S. refused to share its nuclear secrets after World War Two. Ironically enough, even the French Communist Party supports the nuclear deterrent—although it knows full well that the range of French delivery systems suggests that the only targets are Russian cities.

Unlike Britain, however, France did nothing until the mid-1970s to *impede* other nations from pursuing nuclear weapons. For example, it provided Israel with the Dimona reactor, which remains to this dsy beyond reach of international inspection. Dimona is the source of the plutonium explosive in the nuclear weapons France bss no doubt that Israel posaeases.

Bnt other club members prevailed on France to change course *after* the Indian explosion. Where previously it bad remained aloof from international discussion aimed at preventing further proliferation, including the Non-Proliferation Treaty itself, it plunged into the discussions of the so-called "London Club" of nuclear technology exporting nations. As a result, it reneged on its contract to supply Pakistan with a reprocessing plant and technology.

Its position *today* is that it still will not consider signing the treaty—"it would be misunderstood by the Gaullists"—and will not put pressure on other nations to sign, or even to accept "full-scope safeguards." Full-scope safeguards give the nuclear inspectors of the United Nstions' International Atomic Energy Agency in Vienna access to all nuclear installations in any country which accepts such safeguards.

Nevertheless, France will no longer undertake to supply another country with nuclear plant on terms which do not have the agency's blessing.

France is extremely indignant about whst it sees as a well-orchestrated publicity campaign this yesr by the Israelis, who still sdamantly refuse to sign the treaty to try to thwart its sale of a second research reactor to Iraq, which bas signed and ratified the treaty. Even President Jimmy Carter's Administration, after four years of intense preoccupation with proliferation, has said it is not particularly bothered by this sale.

The particular feature of the Osiraq reactor—to be called Tamuz 1—which France bas built for Iraq is that it is fuelled by highly enriched uranium—at 93 per cent, a quality good enough to make nuclear weapons or fuel a nuclear submsrine reactor. France will reprocess the spent fuel, and it will be up to the agency inspectors to *verify* there are no discrepancies between the fuel supplied and the fuel returned for reprocessing. A feature of highly enriched fuel is that it yields virtually no plutonium.

The U.S. Administration bas aroused considerable interest internationally in fuelling research reactors with fuel of lower levels of enrichment preferably as low as 20 per cent of the fissile uranium-235 isotope, considered too low for a bomb. Much depends, however, on the resctor's purpose. The Carter-inspired International Nuclear Fuel Cycle Evaluation earlier this year reported that, although half the world's research reactors could be run with fuel of 20 per cent enrichment, about 10 per cent still required highly enriched fuel to achieve the performance required.

There are other problems. Low-enrichmsnt fuel for these reactors is still novel, almost untried, and reprocessing techniques bave still not been worked out. Operating costs tend to skyrocket compared with the established fuel cycles. Whet is more, the lower the enrichmeot, the greater the yield of plutonium. The French are working on a low-enrichment fuel called Caramel, but

Until then, the world's confidence that Iraq is not attempting to divert uranium-235 fuel into a weapons programme must rest with the vigilance of the agency inspectors. The accompanying table shows how many nuclear installations bave already been placed, voluntarily, under agency safeguards both by nuclear Non-Proliferation Treaty signatories and by nations which refuse to sign the treaty. The curves show many tonnes of plutonium and of uranium enriched to more than 20 per cent, stored in states which have no nuclear wespons, bave been placed, voluntarily, under agency safeguards.

In 1979, agency inspectors were applying safeguards in 11 non-weapon countries which were not party to the treaty. In seven of them, "all substantial nuclesr activities of which the agency was aware" were covered by a mosaic of individual safeguard agreements.

But in four of the 11, plus a fifth which has signed the treaty but not ratified it, unsafeguarded facilities out of reach of the inspectors were operating. In the agency's judgment, only three of these nations were operating facilities significant from a weapons-producing point of view. They were India and Israel, both of which can separate pure plutonium, and South Africa, which can make highly enriched uranium.

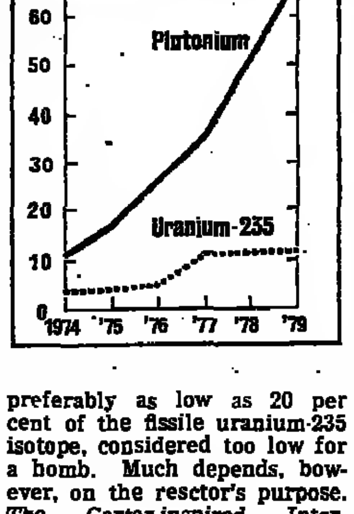
The agency's annual report, just published, records once again that the inspectors have detected no "anomaly which would indicate the diversion of a significant amount of safeguarded nuclear material for the manufacture of any nuclear weapon, or to further any other military purpose, or for the *manufacture of any* other nuclear explosive device."

But suppose that a significant diversion was detected. What could the agency do? The only thing it could do, of course, would be to alert the UN Security Council to the fact thst a nation was apparently cheating on the Non-Proliferation Treaty or whatever other safeguards agreement it had signed.

This has not happensd yet in the 10 years of the treaty's history. The only verified nuclear explosion of the 1970s, by India in 1974, was in a country which had rejected every effort to persuade it to accept safeguards, and yet had continued to receive considerable nuclear assistance from Britain, France, Canada, the U.S., the Soviet Union, Italy, and others.

One unverified event took place last autumn when the Pentagon announced that one of its Vela satellites, on the lookout for evidence of a nuclear explosion, recorded a characteristic flash. Although the Pentagon itself continues to defend the integrity of its satellite, the U.S. Administration has admitted that it can produce no corroborating evidence that a nuclear explosion took place.

NUCLEAR MATERIAL UNDER IAEA SAFEGUARDS
(NON-NUCLEAR-WEAPON STATES)



NUCLEAR INSTALLATIONS UNDER AGENCY SAFEGUARDS OR CONTAINING SAFEGUARDED MATERIAL

Nuclear installations*	Treaty signatories	Treaty non-signatories	Total
Facilities			
Power reactors	94	23	117
Research reactors and critical assemblies	140	31	171
Conversion plants	4	0	4
Fuel fabrication plants	28	5	33
Reprocessing plants	4	1	5
Enrichment plants	4	0	4
Separate storage facilities	14	5	19
Other facilities	40	0	40
	328	65	393
Other locations	289	18	307
TOTAL	617	83	700

* End of 1979.

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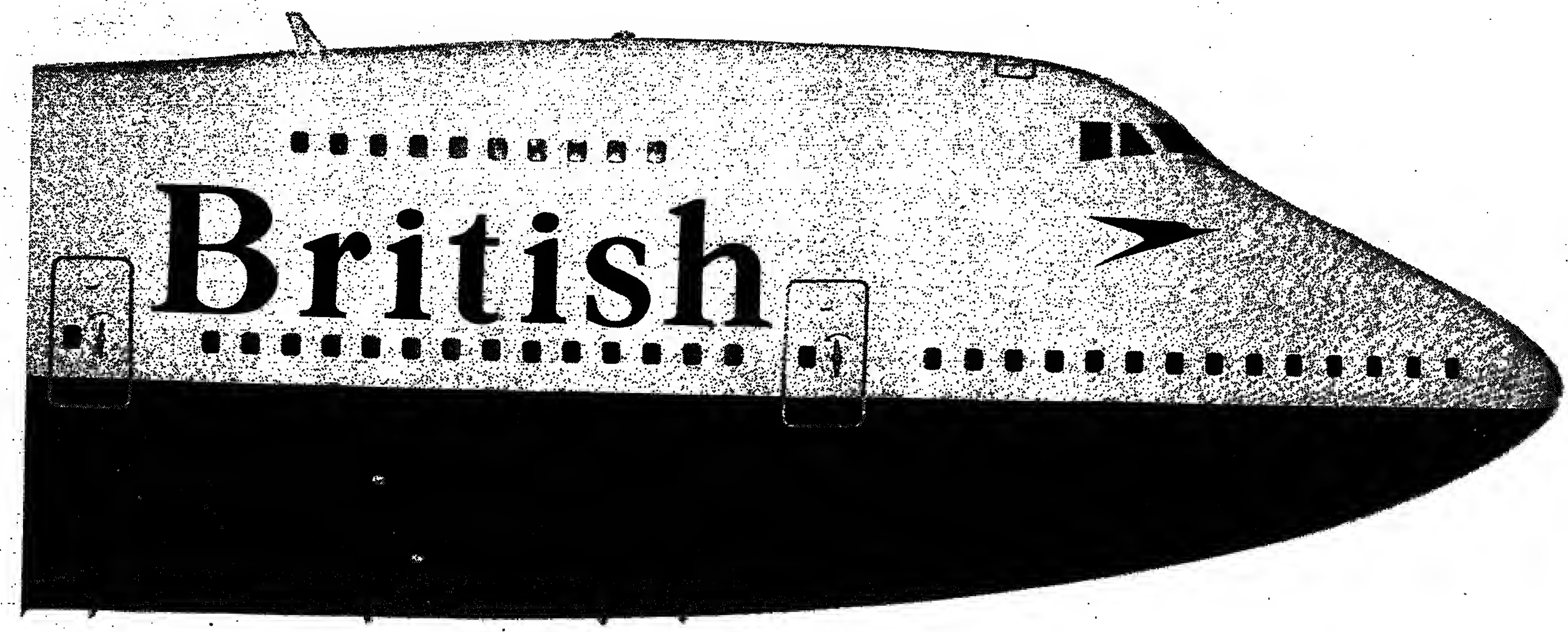

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Proud to have delivered a pre-tax profit of £20m and a dividend of £10m. (The ten major US airlines *combined* made only $1.2m during the same period.)

Proud to have happily reunited tens of thousands of British families who might never again have seen each other, through low fares and the good offices of our Reunion Clubs.

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Proud to carry more people from the United States to Britain than either PanAm or TWA.

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Proud of our industrial relations performance last year, dramatically better than the British industry average.

Proud of the way we are changing air travel to meet the real needs of today's traveller.

Proud to fly Concorde, the world's most advanced aircraft.

Proud of the professionalism of our employees throughout the world.

Proud that, with our staff and the Trade Unions, we improved our productivity by 14% last year.

Proud that our operational performance, punctuality and regularity stand favourable comparison with any of our competitors.

Proud that, during the last year, we have significantly increased our share of the travel market we serve around the world.

Proud to be chosen to carry Britain's most valuable exports.

Proud of our achievements.

And proud that we are not yet satisfied with those achievements. At British Airways we are dedicated to creating ever higher standards of efficiency and service. For our cargo shippers. And for our passengers.

For we know our success brings people closer together.

And that is what makes us proudest of all.

British airways

UK NEWS

The BL rentals venture 'will be modest, however hard it tries'

BY JOHN GRIFFITHS

BL'S DECISION to enter the car rentals market via its distributors and dealers is regarded with scepticism by the leading specialist rental companies.

A rival is hardly welcome during a year when competition in an already highly competitive field has been sharpened by recession, by the strong pound and an associated drop-off in tourism, a major contributor to rental income.

But majors such as Godfrey Davis, Hertz, Avis and Swan National believe that BL will quickly need to acquire much expertise, and be far more ambitious in its plans than any other manufacturer, before its "British Car Rental" operation presents a major threat to their own business.

BL is setting out on a path already well trodden by other manufacturers: Ford, Vauxhall, Talbot, Opel and VW already have dealer-operated rental schemes.

Ford, by far the biggest supplier of rental fleet cars, has had its own rent-a-car scheme operating for nearly a decade, presently among 360 of its 1,238 dealers.

But the principal difference between its own operation and the national renters' is that each dealer rents in his own local market. Although Ford provides standardised advertising and other support, one cannot hire a car from dealer A and leave it at dealer B 300 miles away.

Thus manufacturer rentals have inevitably taken away some business from the specialist renters but not enough to produce a major conflict of interest between Ford as renters and the rental companies as Ford buyers.

And with the majors such as Avis operating fleets of up to 15,000 cars and commercials, manufacturers have in the past been keen to avoid such a clash developing.

The key question remains, therefore, just how far BL is prepared to go in developing a national network.

The operation to be launched in the autumn appears to be a toe in the water exercise. Dealers and distributors who take on rentals will rent in the local market only, and British Car Rental has undertaken not to compete in those areas where BL dealers have existing franchise arrangements.

A minority of dealers hold Budget Rent-a-Car and Kenning Car Hire franchises, while others operate their own private rental schemes which may be absorbed into the British Car Rental network.

But BL yesterday was not ruling out a longer-term expansion which could take it into a national network and competition with the large-scale renters.

"It depends very much on how well it gets off the ground," a spokesman said yesterday.

BL's own sales to the rental sector are small by Ford's standards, and the chances of its own conflict of interest developing appear remote.

In the meantime, the rentals operation offers the prospect of badly needed extra sales at a time when the UK car market is severely depressed.

Several of the rental majors, pointing out that autumn is a low point for rentals and that 1980 is a poor year anyway, yesterday queried the timing and the motives of the BL venture.

"It's just one way of shifting extra cars," one rentals executive suggested last night.

There is scepticism that even if BL did decide to go national it could successfully fight the specialists on their own ground. "We have watched others come into the market place and be absorbed without any impact at all on our market share," a Hertz spokesman said yesterday.

Even the national renters hardly have a stranglehold on their market.

Godfrey Davis and Europcar are currently awaiting clearance from the Monopolies Commission for a merger of their car hire operations. But even if approved and if other majors Avis, Hertz and Swan National are added on, it is unlikely that this grouping accounts for much more than a third of all rentals.

The lion's share is still held by hundreds of local operators with small fleets.

Within that market, in the early stages at least, there should be adequate room for BL to operate.

Building society net receipts rise to £340m

BY ANDREW TAYLOR

BUILDING SOCIETY finances improved in July when monthly net receipts rose to their highest level since last October.

In spite of this, societies say there is little prospect of mortgage rates falling until other interest rates decline further.

Building society net receipts rose to £340m in July compared with £248m in the corresponding month a year ago and £566m last October. In July, societies promised to lend a record £874m.

The sharp uplift in monthly net receipts—from £206m in June—stems partly from seasonal factors but also from last month's 1 per cent cut in Minimum Lending Rate. This helped societies restore some of their competitive edge in the personal savings market.

But even with the decline in MLR, three-month local authority loan rates, the traditional benchmark against which societies measure their own rates, still stand at about 16¼ per cent compared with a 15 per cent grossed-up return on building society ordinary share accounts.

However, the pressure on building society finances has eased considerably. First, record mortgage rates have priced some prospective house-purchasers out of the market. Secondly, the high interest level credited to depositors, and which savers have left in their accounts, has provided an additional and significant source of funds for home-loans.

Figures produced by the Building Societies Association yesterday showed that societies promised to lend £5.37bn in the first seven months of this year, £4m more than was promised at the corresponding stage a year ago. However, because of inflation in house prices this level of lending will finance only 387,000 loans compared with 426,000.

In the first seven months of this year societies actually lent £4.94bn, compared with £5.2bn advanced by the corresponding stage last year. Gross advances in July totalled £857m, the highest level for 12 months.

Mr. Norman Griggs, BSA secretary general, said mortgage lending is likely to average more than £800m a month for the rest of 1980.

"Although mortgage demand has fallen it is still greater than the supply of available funds, and societies will need to be in a considerably stronger competitive position before any reduction in interest rates can be contemplated," he said.

In spite of Mr. Griggs' claim, building societies are generally regarded to be closer to meeting current mortgage demand than for some considerable time.

Redundancy warning for Liverpool dockers

By William Hall and Nick Garnett

LIVERPOOL port employers have warned that they may have to make dockers redundant because there are too many of them in the port.

The warning is a direct challenge to the Aldington/Jones report of 1972 which gave an understanding that when an employer withdraws from a port the surplus dockers will be reallocated to other employers within the port.

Trades unions at ports around the country are becoming increasingly concerned about the growing financial problems of the ports and the repercussions this might have on their carrying surplus dock labour.

A mass meeting of dockers at Southampton agreed yesterday to press for a nation dock strike if any of the country's port workers were put on the temporary unattached register other than for disciplinary reasons or job reallocation. This follows a similar decision at Liverpool.

The unofficial national port shop stewards committee met a week ago to discuss the issue and requests from some port employers for voluntary redundancies.

Shop stewards said yesterday there was a possibility the Transport and General Workers Union would be calling an official delegates conference to decide the position the union should adopt.

At the moment it is virtually impossible to stack a registered dock worker.

A growing number of senior port executives feel that the Aldington/Jones agreement, which was framed against the background of a three-week national dock strike in 1972, is preventing the ports solving manpower problems and should be modified.

One solution considered is the expansion of the temporary unattached register which would transfer the financial responsibility for surplus RDWs from a local to a national level.

Until now the only way of reducing dockers' numbers has been through voluntary severance schemes and because of high unemployment few dockers are willing to follow this route. However, the national scheme cannot be tailored to meet the needs of individual ports without some outside assistance.

The threat of compulsory redundancies at Liverpool comes against the background of mounting financial problems at the Mersey Docks and Harbour Co., the largest employer in Liverpool, and the decision by two stevedoring firms to close their Liverpool operations.

The cargo handling department of T. & J. Harrison, the Liverpool shipowner, has given notice it intends to return its 168 registered dock workers to the local Dock Labour Board at the end of September.

● Suffolk Lawnmowers, part of the Birmingham-based Birmid Group, is to make 180 of its 830-strong workforce redundant at its Stowmarket factory.

● Fairline Boats, of Oundle, Northamptonshire, which specialises in the production of motor cruisers, is cutting back its workforce by 17 per cent with the loss of 24 jobs.

● Dunlop Precision Rubbers division has completed a £½m investment programme at two of its three Leicestershire sites. The expansion will create 22 new jobs.

Commons catering overdraft

By Philip Rawstorne

THE House of Commons refreshment department was paying weekly interest charges of nearly £5,000 last year, on a bank overdraft of £2.5m.

Department accounts for 1978-1979 show that in March last year, the overdraft stood at £2.14m with interest charges of £900 per working day.

Sir Douglas Henley, Comptroller and Auditor-General reported that by October, 1979, the overdraft had increased to £2.5m and interest charges were running at £997 a day.

The department has now been reorganised, prices substantially increased and the accumulated debt paid off by a grant of £2.75m in last winter's supplementary estimates.

The Commons catering committee said that the unpredictable and demanding Commons timetable had made the planning of catering services difficult.

● **CENTRE DEBATE:** Prof. David Marquand, former Labour MP for Ashfield and advisor to Mr. Roy Jenkins in Brussels, is to take part in a debate on the prospects for a Centre party, which has been organised during the Liberal Assembly in Blackpool next month.

Mr. David Steel, Liberal leader is expected to renew his call to Labour moderates to combine with the Liberals in building a coalition of political forces to challenge the Conservatives at the next election.

● **JUST THE TICKET:** Mr. Michael Heseltine, the Environment Secretary, refused British Rail permission to demolish the ticket office at St. Pancras station and to replace it with a new travel centre.

Two years ago, British Rail applied to Camden Council for permission to carry out the work at the station, which is a listed building. Camden refused and British Rail appealed. Mr. Heseltine said that the changes would have an unacceptable impact on the character of the booking hall.

● **SUICIDE CALLS:** Rising unemployment could be a significant factor in the increasing number of suicide calls to the Samaritans. Groups from all areas are reporting that more young people are phoning for help. In the North-East, where it is particularly difficult for school-leavers to get work, Samaritans have reported a "sharp increase" in young callers.

Masefield takes charge at LT

BY LYNTON McLAIN

SIR PETER MASEFIELD, the new chairman and chief executive of the London Transport Executive, has taken on the job at a testing time for public transport in the capital.

Recent months have been characterised by a long and often bitter campaign of words waged between Mr. Ralph Bennett, Sir Peter's predecessor as chairman, and the Tory leadership at the Greater London Council.

The arguments raged over allegations of waste, lavish life styles and complacency among top managers. Mr. Bennett had decided last autumn to examine the role of the 50-year-old LT Executive structure in the light of changes he had instigated to decentralise management to local bus groups responsible for operating London's red buses in identifiable areas.

Mr. Bennett had plans for something similar on tube train services. But he was not allowed to finish the job and was sacked on July 24 in a public blood-letting by Sir Horace Cutler, who had appointed him.

The sacking was the culmination of Sir Horace's campaign to force Mr. Bennett to publish a highly critical report on the London Transport Executive by PA International, management consultants.

Hugh Routledge

Sir Peter Masefield takes over as London Transport chairman at a testing time

The former LT chairman had insisted the report was a private internal document. But its conclusions were so damning to the Executive as a whole that in the end it could not be kept under wraps.

The report, eventually published on June 17, concluded that "the Executive Board is weak in skills that are required to run a large business and, indeed, to manage itself as a board."

Above all, the report said the Executive Board failed to act as a corporate board and was more a group of individuals.

Remedying the weaknesses and corporate operations of the Executive was a corporate responsibility but the initiative and "sense of purpose" must stem from the chairman, PA said.

This catalogue of failings had been reflected in London Transport's results for last year. Total losses climbed to £31.4m, after LT used its entire reserves of £15.7m. These were the worst trading results for more than a decade.

LT told the GLC in June that it could lose an unprecedented £134m by the end of next year if inflation continued at around 20 per cent a year, if LT was not allowed to raise fares, and if the GLC did not increase its grants to LT.

Clearly, even without the evidence and opinion of the PA report, something had to be done. It was only a matter of time before the GLC adopted the report's suggestion that the chairman should also have the job of chief executive, with three main tasks.

These were for the chairman to "re-establish relations with the GLC; to instill a sense of purpose in LT and to ensure that the Executive Board adopts a corporate approach rather than an amalgam of functional responsibilities."

Sir Peter Masefield now has this task. But, as he said yesterday, he is approaching the work "with real humility."

He hopes to improve relations with the GLC and plans regular meetings with Sir Horace to discuss an agreed programme for London Transport.

Sir Peter starts off with last year's £15.7m deficit written-off by the GLC. He intends London Transport should never again produce a deficit, and will cut services if necessary.

He insists LT must learn to live within its means. This is the "absolutely number one priority," he said yesterday, but accepted that the final decision would still lie with the GLC.

Apprentice Boys march ends in riot

By Stewart Dalby

ABOUT 200 people were involved in rioting which broke out in the Catholic Bogside area of Londonderry yesterday after the march by lodges of the Loyalist Apprentice Boys of Derry.

The Royal Ulster Constabulary said two buses and a van were set on fire. There were also stone- and bottle-throwing incidents but no reported injuries. This year's march was more provocative than usual because the Cully Backey branch carried a flag donated by a former RUC man, Mr. William McCaughey, who is serving a life-sentence for the murder of a Roman Catholic grocer.

However, the march was quieter and more subdued than last year. Protestants, in bowler hats, purple sashes, and accompanied by drum- and pipe-bands, marched through the centre of Londonderry.

There was a marked difference in security handling this year. In previous years, the army has been out in force. This year the role of peace-keeping was carried out by several hundred armed RUC men. It is thought to be the first time that the predominantly Protestant RUC has re-entered the Bogside on August 12 since the raids of 1979.

● British Airways has announced that it will not be cutting its fare on the Belfast-London shuttle, suggesting that for the time being at least there will not be a price war with British Midland Airways.

On Monday British Midland announced that it was cutting its fare on the Belfast-London (Gatwick) run by £10 to give a return fare of £66. British Airways has monopoly on the Belfast-to-London (Heathrow) route and charges £86 for the return fare. It uses Trident jets and the flying time is one hour and five minutes.

In contrast, British Midland uses the slower Viscount turbo-prop aircraft, which takes one hour and forty minutes to fly from Belfast to Gatwick.

British Midland's cut which has to be ratified by the Civil Aviation Authority is an attempt to grab more of the shuttle market from British Airways.

Grouse fly in-to a Ronay roasting

By Arthur Sandles

IN SURREY they arrived by parachute; at the Ritz in Piccadilly they swept in by chauffeur-driven Rolls Royce; and in the discreet elegance of the Savoy these straitened economic times were marked by a fixing of the price of roast grouse at a budget £12 a portion—all indicating that the Glorious Twelfth had arrived.

The first grouse of the season, those poor unfortunates who had chosen August 12 for an early morning flight, found themselves destined for the London dinner tables and, in some cases, luncheon tables.

Getting the first grouse to the capital now ranks alongside the downing of the first Beaujolais of the year as part of the gourmet season.

For some, like the Red Devil parachute team which descended dressed as chefs on the Onslow Arms in Clandon, Surrey, it is an adventure.

For others, such as food writers Egon Ronay, it was an exercise for "gastronomic philistines."

"Grouse," said Mr. Ronay sniffily, were "characterless and without any interest" if consumed on the same day they were shot.

For the uninitiated, the grouse is a game bird, smaller than a pheasant but bigger than a partridge.

They are virtually unknown outside Scotland, the north of England and parts of the West Country.

This rarity, their erratic flight, their tasty meat and the scenic splendour of their habitat combine to make them attractive victims.

Last year's shoot was a disaster. This season looks more promising.

The fastest travelling grouse of the day were those which arrived at the Onslow Arms.

Scarcely had the poor creatures shaken the burden of sleep from their eyes than they were shot, winged by helicopter and jet to London, and thence dropped by parachute to the kitchens.

A more stately journey awaited birds from the estates of Sir William Roberts in Perthshire: a World War II Lysander, a scheduled jet, a British Caledonian helicopter to central London, and a Rolls (number plate RR 1) to the Ritz hotel.

A touch of Glorious Twelfth fog on the moors delayed things slightly.

Nonetheless, the Ritz managed to live up to its promise of lunchtime grouse, proclaiming itself never to have been interested in the racing aspect of The Day anyway.

Mr. Ronay, however, continued disdainful.

"From my point of view the people who are having a bird dropped in by parachute are sensationalists and not gastronomes," he remarked.

At which that exclusive group of lunchers at the Ritz raised their glasses and declared the 1980 grouse vintage as, well, sensational.

● **OIL SAVING:** Midlands power station here reduced by nearly one-third the amount of oil they burn, the CEGB said yesterday. The reduction is from 424,000 tonnes to 299,000 tonnes.

Food chains launch 'no frills' packaging

TWO MAJOR British supermarket chains plan to increase trade in the difficult trading climate.

Fine Fare, the Associated British Foods subsidiary, will stock a 'no frills' range of 51 popular grocery goods in the company's 697 stores from next week. The range, to be packaged simply, is aimed at low-income and large-household consumers.

Fine Fare has reduced the quality of some items in the range although it said quality would be strictly maintained to give acceptable value for money. The company and the new range supplements own-brand goods and that its main appeal will be keen pricing.

Fine Fare set up a pilot scheme for its cheap packs in 86 stores in March. The range occupied 3 per cent of selling space but accounted for 5 per cent of overall sales. The chain now has a target of about 7 per cent of overall sales for its cheap-pack range and intends to add new items as the need arises.

International Stores plans a major change of emphasis towards selling more fresh food and providing more personal service.

The venture, probably to be called "Country Market," is due to begin in the West Country next month. Instead of dried and tinned foods more shelf space will be given to fresh food.

Instead of pre-packed meat counters there will be butchers to provide individual cuts. Bread will be baked on the premises. There will be a wider range of fresh fruit and vegetables and larger delicatessen sections.

The groups, which has 800 outlets, believes there is a trend to fresh food. It aims to provide personal service not found generally in supermarkets.

Layouts of the "Country Market" stores will be different from conventional supermarkets but customers will still pay at a conventional check-out.

Details have not been completed but it is expected that medium-sized rather than large stores will be involved. Not all the stores will be part of the present International group.

If the experiment succeeds, "Country Market" might spread to other parts of the country.

International Stores has operated a "no frills" scheme called "Plain and Simple" for two years. Both International and Fine Fare belong to the second tier of multiples. Each controls about 5 or 6 per cent of the UK food market.

● The Food Manufacturers' Federation yesterday complained to Tesco over the group's decision to rationalise its grocery delivery system. Tesco wants to consolidate grocery deliveries through a restricted number of carriers by September 1.

Mr. Cyril Coffin, the FMF director-general, told Tesco that any workable solution needs full consultation over six to 12 months. The FMF is worried over the extra costs food companies would have in complying with the change.

Food manufacturers and retailers have been urged by Mr. Peter Walker, Agriculture Secretary, to work together more closely. The FMF has informed the Ministry of its worries over the Tesco plan.

Derby BR wins £100,000 job

—Derby BR wins £100,000 job BRITISH RAIL has launched a major shipment worth more than £100,000 for the Derby-based firm of Bemrose UK Limited.

BR said yesterday that it was the largest parcels contract ever handled by Derby-BR and will involve BR carrying 60,000 parcels of calendars and diaries.

Broadside attack may scupper Greek pirate coach operators

Lynton McLain examines the problems of illegal coach traffic between London and Athens

THE PURSUIT by Government officials of illegal Greek pirate coach operators concentrated yesterday on a National Car Park in Battersea.

Soft-shoed inspectors from the Metropolitan Traffic Area planned to swoop without notice on an illegal coach at 2.30 pm precisely. This was tipped by informers to be ready to leave with a load of mainly young passengers prepared to sacrifice safety standards for a cheap seat to Athens.

Battersea is a far cry from the organised chaos of the Victoria Coach Station in the centre of London where the few authorised "pool" operators of coaches between London and Athens ply their legal trade.

But Battersea is viewed by Government inspectors as typical of the unlikely locations the pirate coach operators choose to collect and deposit passengers taken in by the unparalleled cheapness of the £25 to £30 single tickets to Greece.

Other locations favoured by the Greek pirates include Primrose Hill, Camden High Street, the hive of cut-price travel companies, and, more often, the back streets of Victoria.

The "pool" of authorised operators was launched in July by the unlikely amalgam of French, British and Greek Governments. It was just in time to provide guaranteed safety standards for the ranks of students and others demanding cheap coach fares to Greece.

Little publicity was given to the "pool" and its 20 French, British and Greek operators, although the three Governments had been trying for years to reach agreement on what to do about the Greek pirates.

But the whole subject was thrown open to public debate with the loss of three British lives in two crashes in Yugoslavia last week, both involving Greek-bound coaches.

Ironically, both coaches were operated by companies authorised to carry passengers between London and Athens under the "pool" arrangement.

The widespread publicity given to these accidents led to the ban, announced on Monday and effective from tomorrow by the British, French and Greek Governments, on all Greek-based coach operators from operating to France and Britain.

Only authorised companies bringing Greek tourists into London on round-trips will be permitted to operate.

Athens-London

When the ban starts, Greek-based coach drivers operating the Athens-to-London journey will be forced to stop at Milan, Italy. This will "ensure that there is at least one change of driver en route," the Transport Department said in London yesterday.

Britain, and to a lesser extent France, has had a long-standing fight with pirate Greek coach operators. But until this summer's "pool" arrangement, it had proved to be impossible to find a way of meeting legitimate objections to illegal operators while maintaining relations between the three countries.

The turning point, although none of the parties involved will spell it out, is Greece's forthcoming entry to the European Economic Community.

From January 1, 1981, Greece will join the existing nine partners of the EEC. But as well as benefits, membership will involve Greece in responsibilities including sticking to the letter of the EEC law on coach drivers' hours, licensing and vehicle safety standards.

Greece desperately wants to join the European Community and is clearly prepared to take steps against its own coach-driver citizens.

A measure of the Greek desire not to upset its prospective EEC partners is given by the ready acceptance by the Greek Consulate General in London yesterday that "Greece has quite a few pirate drivers and coaches who go for the quick buck."

Similarly, Greece has not so far protested at the vigorous action taken by Britain and France, its pool partners, in imposing their total ban on Greek-based operators.

The Greek Government is investigating the recent accidents, but foresees "great practical difficulties."

Britain's Transport Department has already had a taste of the difficulties that lie ahead. On Monday night the department's local traffic area officers for Dover turned back an illegal coach owned by Consolas, one of the 12 Greek-based operators authorised under the "pool."

The coach had bald tyres and had tried to escape the official net, which permits only four Consolas vehicles to enter Britain, simply by using the same paintwork and livery as the authorised vehicles.

The department's lack of manpower is expected to create another safety headache as private lorry operators seek to take advantage of the current concentration on illegal coach operators.

Lorry cowboys may be having a field day.

UK failing to compete with Japan, says report

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GROWING Government concern over British industry's failure to compete with Japanese products has prompted Sir Geoffrey Howe, Chancellor of the Exchequer, to send a critical analysis on "Japan's next generation of industries" to all members of the National Economic Development Council.

The report written by Sir Michael Wilford, the British Ambassador in Tokyo, warns that the UK will become "one of the late 20th century minor industrial states" because its industry neither produces its own technology nor buys it from abroad.

"My worry is that British industry will not read the future right. There has been a tendency to say "not invented or designed here," Sir Michael, who has been ambassador for five years.

The analysis, which is not being officially published, summarises major Japanese developments covering areas like biotechnology, transport systems, including mechanically levitated rail vehicles, nuclear steel reduction plants, enzyme technology, micro electronics and optical fibres.

The analysis is regarded by senior Treasury civil servants as a comprehensive and outspoken description in general terms of the rapid technological advances being made by Japanese industry.

Sir Geoffrey Howe was shown a copy, and decided that it should be circulated privately to the 25 members of the NEDC in the hope that it might help shake leaders of both sides of industry out of any complacency about future foreign competition.

The analysis starts be referring to recent debates in the UK on the Finniston engineering report, and the tendency of universities to undertake too much research that has little industrial application.

"We have stressed that the Japanese regard engineers as an essential part of the scene and pay them and give them status accordingly. One result of this is that a private analysis by one of Japan's biggest companies (Mitsubishi) said that for all Japanese manufacturing industry, 52 per cent of board members were engineers and in the high technology areas the figure was close to 100 per cent."

Japan has launched a five-year research plan into electronics, under the auspices of the Ministry of International Trade and Industry, partly funded with Government money. A wider range of applications for electronics products will be a major priority, making use of developments in microchip technology.

In the field of public transport, the Japanese are using their knowledge of electric batteries to develop "dual mode" road-rail robot vehicles combining electric power and computer control.

Japanese Airlines and the country'a national railways are developing magnetically levitated, linear driven, rail vehicles, achieving apeeds of over 500 kms an hour with an unmanned vehicle. "We gave up such experimentation in Britain years ago," says Sir Michael.

Turning to enzyme technology, Sir Michael says: "the production of protein from rice could have real importance, both economically and politically. Britain should export its technological knowledge in this area."

Sir Michael concludes: "In the last analysis it is British industry which must learn better how to use Japanese strength to their own advantage. It is the leading British firms themselves who must understand at first hand what is going on and by far the best way to achieve this is to establish permanent representation in Japan."

OFT to investigate Raleigh trading

David Churchill reports on the row brewing between manufacturers and cut-price shopkeepers.

THE INVESTIGATION expected to be announced today into Raleigh Industries' refusal to supply cut price retailers with bicycles bearing the Raleigh name has introduced again a dispute which has simmered for most of this century.

The investigation is being mounted by the Office of Fair Trading as one of the first two inquiries under the new Competition Act which enables the OFT to investigate anti-competitive practice by a single company.

The OFT's aim in investigating Raleigh's refusal to supply certain retailers—especially the Tesco and Argos store chains—will be to establish an important test case under the new law about the thorny issue of manufacturers' rights to refuse to supply retailers.

However, the OFT's investigation may be only the first step since it is likely that it will be followed by a six-month investigation by the Monopolies and Mergers Commission.

The commission's investigation, although likely to cover much the same ground as the OFT, will have one important difference: it has to decide whether the issue is for or against the public interest. In 1970 the commission acknowledged that refusal to supply was not always against the public interest.

'Manufacturers' determination to dictate resale price levels for their goods was introduced around the turn of the century in the pharmaceutical and book trades but quickly spread to other trade sectors.'

The fact that the new Competition Act has to be used at all reflects the weakness of the resale prices legislation first passed in 1964 and re-enacted in 1976.

Under this legislation companies cannot dictate the resale prices of their goods (except for books and medicines) by discriminating against retailers who sell at a lower price than set by the manufacturer. The main—and most effective—form of discrimination is refusing to supply a cutprice retailer.

Manufacturers' determination to dictate resale price levels for their goods was introduced around the turn of the century in the pharmaceutical and book trades but quickly spread to other trade sectors.

However, the pressure was not then—or now—just from manufacturers. Many retailers, especially small independent ones who belonged to retailers' associations, encouraged the introduction of resale price maintenance.

It meant that traditional retailers with high overheads, partly due to a greater personal service but mainly because of inefficient operation, could keep their profit margins in the face of competition from cut-price, high turnover operators.

Resale price maintenance, therefore, favoured the small independent retailer and worked against multiple store retailers who could generate higher turnover if able to sell at lower prices.

Although the issue was considered by various government committees in the inter-war years it was not until 1949 that the Lloyd Jacob Committee clearly expressed the view that resale price maintenance restricted competition and encouraged inefficiency.

But it was not until 1964 that legislation was passed making retail price maintenance unlawful. However, the fact that the legal battle was lost in Parliament did not deter some manufacturers from subsequently operating a system of resale price maintenance.

The sector most involved include electrical appliances and audio and video equipment, cosmetics, cameras, clothes (especially men's shirts), sports goods, jewellery, and watches.

The reasons why resale maintenance has persisted in these areas are threefold. First, each area is dominated by a large number of small, independent retailers who fear the challenge from the large multiple shops. These small retailers, who take the bulk of manufacturers' supplies in certain areas, are able to put pressure on the manufacturers not to supply the large retail chains.

Second, manufacturers themselves are not keen to sell to the supermarket or discount stores since they feel that the lack of specialist service both before and after the sale could harm their products' image.

Third, manufacturers are reluctant to see buying power become concentrated in a handful of large multiple retail chains. Once the multiple retailers gain a buying superiority, it is feared that will then seek large discounts from manufacturers. This has happened in the food industry, and non-food manufacturers are determined not to let it happen to them.

The major retail chains, however, dispute the manufacturers' arguments. The big retailers argue that it should be left to the consumer to decide whether he wants lower prices or more specialist service. In any case, retailers argue they do provide considerable before and after sales service.

This view that consumers should decide was shared by a recent report by an internal Whitehall committee looking at restrictive trade practices.

This report says that the "net outcome of abandoning resale price maintenance has been beneficial." Apart from lower prices, the report says: "There seems little doubt that the more competitive retailing environment which resulted helped to reduce internal inefficiency."

'There seems little doubt that the more competitive retailing environment . . . helped to reduce internal inefficiency.'

But the report is also concerned at the problems of enforcing the legislation prohibiting resale price maintenance.

The main problem remains one of establishing evidence to prove that a manufacturer has attempted to maintain the resale prices through refusing to supply a particular retailer. Some retailers are reluctant to complain to the OFT (which is responsible for enforcing the resale price maintenance laws) because they fear they would jeopardise future chances of obtaining supplies.

In other cases, it is all too easy for a manufacturer to agree to supply a cut-price retailer and then "lose" the order or use other delaying tactics.

Partnership profits from other people's waste

Resourcefulness has its own rewards

JOURNEY ROUND ENGLAND

By Anthony Moreton

MY grandmother's favourite saying was "waste not, want not." This she would intone at every opportunity, instilling in me to this day a dread of conspicuous waste.

Audrey Kirby would have liked my grandmother. By following that precept, she and her husband Vernon have built a successful business on the premise that other people continually waste things, especially energy.

Industrial Energy Costs, the company that Audrey and Vernon Kirby set up 12 years ago, now employs 150 people in Lytham St. Annes and is still growing. From energy it branched into telecommunications and then into engineering services and electrical contracting via a takeover.

Lytham St. Annes is perhaps a surprising place to find such a company. The town is in fact two towns, each with its own personality: Lytham, residential, home of the famous championship golf course, mentioned in the Domesday Book; St. Annes, just three miles from Blackpool's south shore, Victorian, appealing to the holidaymaker who would more happily go north to the fun fairs and the trams than south to the genteel kuiet of Regency Lytham.

When the Kirbys set up Industrial Energy Costs in 1968 they, too, thought Lytham might not be the right setting for an attack on energy waste.

But the problems of finding staff in the big city were difficult and they returned to Lytham, where their home is, and St. Annes, where their office now is, happy no longer to have to commute 40 miles each way every day.

Luck for the Kirbys came with the sudden need to conserve energy following the 1973 Arab-Israeli war

"You would be surprised," Audrey Kirby says, "how much energy is wasted. Tariffs are so complex that it requires a determined knowledge to take full advantage of the savings available.

"The beauty from our point of view is that no two factories use the same amount of electricity or gas or oil. So someone with specialist knowledge like us can help them enormously.

"When we started the business we were only concerned with energy but we soon discovered there were other areas where the same principles could be applied."

Audrey Kirby: "Waste is everywhere."

The first of those areas was telecommunications, into which IEC moved in 1972. "We found big companies were continually putting in and taking out phones. They do this so often that before long the Post Office is charging them for phones that have been taken out."

Others might find themselves heavily penalised by their supplier, "often paying for equipment drawn up on a contract 12 or more years earlier and now completely out of date."

From here it was a short step into engineering conservation in 1976, investigating refrigeration, ventilation, compressed air, lighting and design.

"Waste can be found everywhere. At first we were told we would never get nationalised industries but now they are among our clients. We have one organisation that has more than 700 separate units. Imagine the managerial problema that involves: both monitoring costs and judging whether the costs are too high or too low."

The working partnership between the two is close. Her office is next to his; he is chairman and joint managing director, she is director in charge of administration and personnel, works closely with the finance director and until recently was company secretary.

Neither began in conservation. For 12 years Vernon Kirby was a salesman with Firestone and Audrey Kirby was a housewife. A friend in the cotton industry interested him in the idea of combating waste. Vernon Kirby recognised a good idea and knew how to sell it.

Tomorrow: Day trip from Walsall.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENT) ACT, 1958

NOTICE IS HEREBY GIVEN that

1. Lontrust Management Limited of 28 Lincoln's Inn Fields, London WC2 has relinquished the Principal's licence issued pursuant to Section 3 of the Act having ceased to carry on the business of dealing in securities.
2. Lontrust Management Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 1st September, 1980.

UK NEWS – LABOUR

Engineers' leaders back new Employment Act

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF the engineering workers' union, which led the trade union fight against the Conservatives' 1971 Industrial Relations Act, yesterday said they would be advising their members not to disobey the Government's new Employment Act.

Senior officials of the Amalgamated Union of Engineering Workers went further, though, by holding out the prospect of the union being one of the few to accept Government money to fund union ballots.

Mr. Terry Duffy, AUEW president, made clear the union's opposition to the new Act "in its entirety." He said, however, that the union would not be advising its members to break the law of the land.

He said future events might well provoke a conflict between employers and unions over the Act's provisions, but the AUEW would not be looking for a fight.

The result of the consideration given by the union's executive to the Act yesterday is in sharp contrast to the union's position on the 1971 Act, when it defied the court, had its assets *sequestrated*, and was the major union force in seeing the legislation discredited.

The union's declaration highlights the shift in its political complexion from its leadership under Mr. Hugh (now Lord) Scanlon at the time of the 1971 Act to the present dominance exerted in the executive by the union's right wing.

The AUEW's acceptance of the legal force of the Act shows it to be out of step with the *publicly-expressed feelings* of many major unions. The miners, for example, will press a motion at next months' TUC Congress calling for industrial action if necessary against the Act.

Restricted

Mr. Duffy was particularly critical of the code of practice on picketing. He described as "unworkable" the recommendation that picket lines be restricted to no more than six members.

The Act makes public money available to unions for ballots, though the TUC general council has decided that no affiliated union ought to accept Government funds for such a purpose.

But the AUEW has an extensive system of membership balloting, and Sir John Boyd, general secretary, said it was "conceivable" the union would apply for money from the Government for its ballots. He said, though, that the decision bad "nothing to do" with the TUC.

Sir John pointed out that a decision of the union's policy-making national committee earlier this year had not denied the executive the opportunity of seeking assistance for postal balloting.

There is no prospect, though, of Government money being used to fund the autumn round of union elections, in which Mr. Duffy will seek to retain the presidency against the opposition again of Mr. Bob Wright, the union's *left-wing* assistant general secretary, and other candidates.

The union will next week declare its policy on the issue of pay bargaining at BL following the company's decision to withdraw its cars and vehicles division from membership of the Engineering Employers' Federation.

The AUEW wants to retain the involvement of the Confederation of Shipbuilding and Engineering Unions in negotiations with the company, but BL's largest union, the Transport and General Workers', would like to see a clean break.

Mr. Duffy, commenting on the 16½ per cent pay claim proposed by BL workers at Cowley, said that while the survival of BL was essential to the recovery of the economy, it did not mean the unions would accept bad wages and conditions.

Construction industry report 'will do nothing but good'

MR. LEN MURRAY, TUC general secretary, yesterday welcomed the publication earlier this week of the final report from the Construction Industry Manpower Board.

The report, he said, would do nothing but good in publicising the employment conditions suffered by construction workers.

"The surveys commissioned by the board, and incorporated in the report, show that the average construction worker continues to experience lengthy periods of unemployment in between leaving one job and finding another. Furthermore many operatives end up disabled and incapable of working up to the normal retirement age," Mr. Murray said.

The TUC regretted the abolition of the board, "closed down by a Government whose economic policies are starving the construction industry of work and driving unemployment above the 200,000 mark in this industry alone.

"The Secretary of State for Environment is keen to see as many of his department's functions transferred to the private sector as is possible, in the blind belief that the private sector is inherently more effective. Now is the time for the construction employers to demonstrate their commitment to a de-casualised workforce through reaching agreement on registration with unions in the industry.

"De-casualisation remains the number one priority of the TUC construction industry committee, which will do all it can in assisting unions in achieving this objective."

The National Federation of Building Trades Employers said earlier this week that the research and recommendations of the defunct manpower board would form the basis of future discussions between both sides of industry.

Increased output 'key to job protection'

By Our Labour Staff

JOBS CAN only be protected in the long term if companies increase their output and sales to compensate for the labour-saving effects of investment in new technology, says a report published yesterday on employment trends in four key industries.

The report by Youthaid, an independent body which draws attention to the problems of youth employment, education and training, says jobs will not invariably be saved in industries which do not invest in labour-saving new equipment.

The effect of competition from other companies which have invested in new technology may force those companies which have not to cease trading.

When the prevailing trend in an industry is increasingly towards labour-saving investment, employees in companies which do not so invest "may be at least as vulnerable to redundancies as employees in investing firms and, although possibly belated, the unemployment effect in the former cases may be the harsher."

In studying four key industries — iron castings, metal working machine tools, electronic component manufacture and retail distribution— the report questions the view that the creation of wealth automatically creates employment.

The report disputes statements that the increasing use of new technology will displace traditional craft skills in all industries, and points to the electronic components industry as an example of a higher proportion of craftsmen being employed now.

Youthaid says it is likely that the relative cheapness, increased reliability and easy servicing of micro-processor based equipment will lead to a considerable increase in computerised numerical control in the machine tool industry. It notes, too, a tendency in the industry towards the employment of semi-skilled rather than fully-skilled workers.

Employment and Occupation Structure in Four Industries—£2 from Youthaid, Tress House, 3, Stamford Street, London SE1.

Consett steelworks closure proceeds as union pleas fail

BY OUR LABOUR EDITOR

THE British Steel Corporation is to proceed with closure of its Consett works by the end of next month, in spite of trade union leaders' efforts yesterday to convince the corporation that the plant should stay open.

The TUC steel committee may now appeal directly to Mr. Ian MacGregor, BSC chairman, and will ask to see Sir Keith Joseph, Industry Secretary.

After a three-hour meeting outside Middlesbrough with senior corporation managers, Mr. Bill Sirs, committee chairman, said: "It become evident that whatever we said at the meeting today was having no impact on *them whatsoever*."

The 3,700 steelworkers will b offered up to £10,000 each in severance pay.

Mr. Sirs said this was "fools' gold."

The closure is seen by the unions as one of the most painful in the BSC's programme of capacity cutting, because the town depends almost entirely on steelmaking. Unemployment could rise to 40 per cent if the work goes.

The TUC steel committee will consider its next step at a meeting in London tomorrow. BSC said yesterday that the unions had not produced adequate evidence to support their arguments for keeping Consett open and closure would therefore proceed.

The unions are also faced with the possibility that either or both of the already reduced South Wales plants, Port Talbot and Llanwern, will be shut entirely because of the dramatic worsening of BSC's losses.

Last night unions were considering BSC's plans to apply for more Government cash to help these works. Unions-management talks at the plants ended last night, to give the union leaders time to consider proposals. It is hoped a full agreement will be reached when both side meet again next week.

● A move by Times Newspapers to lift a court injunction banning publication in the Sunday Times of information from confidential documents belonging to BSC was adjourned in the High Court yesterday.

Mr. Justice McNeill adjourned the case until today to enable BSC to reply to additional evidence submitted by the newspaper. BSC was granted the injunction at a private hearing last Friday, and seek a continuation of the order pending full trial of the dispute.

Clerks to strike over Unilever relocation plan

BY OUR LABOUR STAFF

CLERICAL WORKERS at Unilever's Port Sunlight offices on Merseyside are expected to stop work today in protest at company plans to relocate jobs in Bristol.

The Association of Scientific, Technical and Managerial Staffs said it would send a delegation today to the company's London headquarters.

The union, which said yesterday it was concerned about jobs not only at Port Sunlight but on the whole of Merseyside, is worried that the relocation could eventually mean the closure of Unilever's Port Sunlight offices.

Deportation threat move

SENIOR trade union officials yesterday accepted an invitation from Mr. Timothy Raison, Minister of State for Home Affairs, to discuss the plight of Filipino domestic workers threatened with deportation.

One of the trade union officials, Mr. Ken Baker, national officer of the General and Municipal Workers' Union, said: "We all have members who have acted in perfectly good faith and are now under threat. I hope that the invitation to my union and to the others signifies that the Home Office is having a much-needed and long-awaited change of heart on this issue.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why a Japanese bank began to go round in circles

Sanwa Bank has adopted a manufacturing tradition. Charles Smith reports

JAPAN IS famous for borrowing ideas from the West and then improving (or at least adapting) them to suit its own environment. One of the earliest post-war imports nf this type was the Quality Control Circle, known for short by the Japanese as the QC (or "kyushi") circle.

QC circles are groups of from six to a dozen blue-collar workers who meet in company time to analyse work procedures and study ways of improving them. They have been credited with cutting hundreds of millions of dollars off the production costs of major manufacturing concerns, as well as boosting employee morale and enhancing a sense of participation among workers.

So successful and widespread has the QC movement become in manufacturing industry that some non-manufacturing companies such as banks and department stores have begun adapting them for their own purposes.

The pioneer of QC circles in the service sector was Sanwa Bank, one of the top five Japanese city banks and an institution which controls around Y15,000bn (£29bn) worth of assets. Sanwa, along with its fellow city banks, found itself facing a hostile public in the mid-1970s when the big banks came under fire for funding conservative politicians and for being insufficiently attentive to the needs of consumers.

The Sanwa bank happened at the same time to be celebrating its hundredth birthday (or rather that of a predecessor institution) and was accordingly racking its brains for some idea that would be appropriate for launching its second century.

QC circles were adopted as the solution to both problems after a bank executive attended a prize-giving session at a client manufacturing company and found that "what they were trying to do matched exactly with what we were aiming at in the bank."

Sanwa's QC project was launched in April 1977 and by autumn of that year over 90 per cent of the bank's employees not holdiog an executive position had been enrolled in about 2,400 circles. According to Jiro Tsukuhara, a former branch manager who was given the job of masterminding the operation, because QC circles had not been tried in the service sector before, establishing the first couple of groups in each of the bank's 220-odd branches was tough going. After that, however, the movement spread more or less of its own accord, though not without continuing official encouragement.

The Sanwa company union, which had to be consulted before the scheme got under way, agreed to it on condition that participation in QC circles should be classified as "voluntary extra work" with eligibility for overtime payment.

The way the QC system works in Sanwa's case is that each branch of the bank has some five to ten autonomous groups with the right to elect their own leaders. Each group has an "adviser" who is likely to be one of the braoch assistant managers (and who does not normally attend meetings). The deputy branch manager is given the job of "guide" to all QCs within his branch, which means that he can approve or disapprove projects taken up for study and make other general recommendatioos.

QC circles of each branch hold regular plenary sessions at which they report on their projects and individual groups are then selected to attend "block" meetings. (There are 30 blocks altogether covering groups of bank branches organised on an area basis.)

The 15 or so most interesting projects discussed at the block meetings are selected twice yearly for a national QC circle meeting at which prizes are awarded.

But QC members do not have to make it to the national meeting to receive awards of various kinds. Branch managers also hand out prizes for "daily activity" and there are awards for specific recommendations. Sanwa Bank spends about Y100m (£50,000) per year on prize money but Tsukahara says that, for most participants, it is the "honour" that counts.

QC circles exist in Sanwa's overseas branches as well as at home, but sometimes there are subtle variations. While the Japanese pattern has been closely (and successfully) reproduced in Hong Koog and Singapore, the London and New York branches have been encouraged to form more dignified-sounding "research associations."

The difficulty with the Sanwa QC movement (as with similar movements in half a dozen other city banks) is to discover precisely what it has achieved. Overtime work spent attending meetings adds about 1.5 per cent to total Sanwa working hours; and rather more than that to the company's wage bill since the meetings are held in overtime. Although data needed for consideration by QC circles is collected during working hours, the sessions—normally two a month—may last between two and three hours, which would be too long to lose from a working day.

Savings from QC circle recommendations can, on occasion, be considerable. The bank saved a large but unspecified amount by shortening the interval between acceptaoce and settlement of export bills, as a result of work done by a QC circle at head office. The group pointed out that it would be better to despatch bills for settlement at intervals during the working day instead of collecting them all at night and sending them off the following morning.

Many other QC circle recommendations have to do with customer "satisfaction" which by definition is a difficult thing to quantify. One circle at a branch (consisting maioly of what the Japanese refer to as "office ladies" who tend to do most of the clerical work) conducted a detailed study of tea-making procedures—first of all testing various kinds of tea and then conducting a customer questionnaire to discover what temperature of water produced the best flavour. The results of this research were turned into a poster which now acts as a guide for all Sanwa "office ladies," part of whose job it is to make tea for customers.

Taukabara says that, whatever else his QC circles may have achieved, they have certainly giveo Sanwa's far flung employees a sense of participation. They also form part of the "human face" which the bank has been at pains to assume as it competes for deposits with other city banks and with the voracious Japanese post office savings bank.

QC circles are here to stay, as far as Sanwa is concerned, and seem to be spreading to much of the rest of the industry.

Gloom in the ranks of unemployed executives

BY DAVID CHOW

MR. X IS a qualified electrical engineer in his fifties, with a degree in economics. He was the planning engineer of a large international company before redundancy pushed him into the ranks of the nnemployed. Only after 450 applications did he succeed in getting another job.

Mr. Y was the managing director of a company before a takeover eliminated his job. Although he had a first class degree in chemistry from Oxford, it took him two years to find an alternative.

These two men could be considered fortunate. There are other unemployed executives on the employment registers who are still waiting for jobs after three or four years. Quite often, these people have lost their jobs through no fault of their own.

As the recession continues to strike at most industries in Britain, more and more executives are joining the dole queue, together with their subordinates. Also, companies are putting some of their executives out to early retirement as a way of easing some of the hardships imposed by the recession.

"We have had an increase in the number of people registering, although we don't advertise," reports John Angelbeck, a director of Executive Stand-By (ESB), an organisations which specialises in finding short-term assignments for executives above the age of 50.

"There are now two or three people coming in daily to register," he says. This compares with the average of four or five a week before the recession bgan to bite. Another company within the ESB group reported a similar situation.

According to the government's Professional and Executive Register, the total number of unemployed executives in the country at the end of June was 63,150 (this includes new graduates), out of a total unemployment figure of around 1.7m.

The help that is available to these people has been limited both by the scale of the problem and the response of companies towards employing redundant executives. An Institute of Personnel Management survey published early this year pointed out that too little was being done to help these executives. Too much emphasis was being placed on compensating them finaneislly and not enough on formulating a planned approach to the problem, it concluded.

Talent bank

Poor response from the companies is a major reason for the disappointments ESB has gone through in seeking jobs for the older redundant or retired executives on its register.

ESB was the prime mover last year for the establishment of a national talent bank drawn from the ranks of older executives. In essence, the idea was to provide a reservoir of expertise and experience which could be tapped by commercial, industrial or voluntary organisations for short or long term periods.

ESB's own register would provide the basis for this pool and it was hoped that further inout would come from loose, unofficial links with similar organisations. However, despite a high powered send-off from leading industrialists like Sir Jack Callard, Sir John Partridge aod Lord Plowden, the schema has apparently not yet met with an enthusiastic reception from companies. This is evident from the fact that ESB has only been able to place a mere 12 per cent of the executives on its register.

"This means that we have to spend nine tenths of our time working on applications which may not be finalised," ESB's chairman, Philip Gibbs, says.

ESB currently has about 1,960 executives on its register, and since the beginning of the year, has found placements for only 30. The success of organisations like ESB depends a lot on companies going to them for placements, but so far, this has been likened to "a trickle" rather than a steady flow.

As an example of the hurdles ESB faces in getting assignments for its executives, John Angelbeck points to the difficulty of persuading banks to enlist its help when small companies are fouod to be in need of guidance.

"There are a lot of small businesses in which the owner dies, often leaving the wife, who knowa nothing about the business, in sole charge. The business may maintain its momentum for a short while, but gradually falls away and is put into liquidation. This sort of progressioo could be avoided if our executives were called in to help.

"We have approached a number of banks on this. They accept that our idea is a good one, but the response is the same in each case—they say they are not prepared to risk the bank customer relationship beiog prejudiced by recommending organisations such as ESB," Angelbeck explains.

Another cause of failure in placing the executives is fear of the threat that they pose. A lot of the people on ESB's register are highly qualified; therefore staff in the companies needing assistance feel vulnerable themselves. Finally there is age discrimination.

Happier

Of course not all redundant executives encounter the same hassles in job-hunting. The chances of getting another job depends very much on the individual's background and experience. Instrumeot engineers or executives with experience in the oil industry are said to be able to get jobs withio days. The chaoces are also enhanced if the individual is prepared to go overseas.

The greatest difficulties in getting relocated are suffered by people in the administrative group—the personoel and general managers, the financial controllers or the marketing managers.

The scenario is not completely bleak, however. A happier note has been struck at the Forty Plus Centre which reports a remarkable degree of success in finding jobs for its executives.

Unlike the ESB group, which basically matches people to jobs, the centre, which is a non-profit organisation funded partly by the Government and partly by leading companies, takes its members on a disciplined job search.

"What we do is offer help to people to market their skills and provide a base from which to work," Pauline Hyde, the centre's managing director, states simply.

But the actual process is a lot more sophisticated. At the centre, executives are given professional counselling on how to market their skills and expertise, audio-visual training to help create successful interviews, participate in the exchaoge of information and ideas, as well as liaise with personnel professionals. In addition, they have access to a well stocked library of reference material.

Thia thorough approach to job seeking haa clearly proved effective, since the ceotre enjoys a 96 per cent success rate. In the two years it has been in operation, it has helped find permanent relocations for 50 executives and has failed with only two.

However, the centre can comfortably accommodate ooly about 30 members at a time. To be able to join this "club," an executive has to pay a fee of £500 plus VAT for a six-month package.

If the bill is paid by the company, the one-off fee is £1,500, or £1,000 for a yearly membership. Individuals are charged less because the centre gets grants from the Government, Pauline Hyde says.

Nevertheless, for many of the redundant executives who have passed through the centre, it is clearly money well spent, since the centre's records show that the majority of them have moved to higher paid jobs.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● PROCESSING

Heat treatment of metals

A SMALL sealed quench furnace designed to meet the hardening, carburising, carbonitriding and nitrocarburising needs of tool rooms and the smaller engineering company has bean introduced by Wild Barfield, Otterspool Way, Watford WD2 8HX (Watford 26091).

The furnace is also claimed to meet the increasing demand for "clean" heat treatment and to obviate the environmental problem of using salt baths in tool rooms and machine shops.

It is electrically heated with a maximum element rating of 15 kW, providing a gross heating rate of 90 lb per hour at a maximum operating temperature of 1,050 degrees C.

A major advantage claimed for the new furnace is that it does not involve the small user in the purchase of an endothermic gas generator. Furnace atmosphere is provided by Wild Barfield "Carbodrip" fluid combined with nitrogen and, for carbonitriding, ammonia. It is therefore suitable for clean hardening processes. Use of lightweight fibre insulation is claimed to minimise heating time.

Shovel fits forklifts

WEST GERMAN company Bauer has introduced to the UK a heavy gauge steel shovel which, as an attachment to a fork lift truck, can be used for loading and transporting bulk goods, such as sand, gravel, sawdust, grain, fartiliser or refuse.

The shovel has a toughened steel excavating lip and is fitted to the lift truck's forks, the latter protruding the shovel body through special apertures.

A safety chain anchors the unit in position on the forks and prevents unhitching, says Bauer, 14 Broadway, St. James's London SW1. (01-222 5483).

Standard units come in widths of 1100 to 2000mm in five stages to handle from 0.5 to 2 cubic metres. Shovel widths can be specified independently of the distance betweeo the forks, making them suitable for a wide variety of tasks in factories and farms, includiog snow clearance, since the shovel width can exceed the wheel gauge of the fork lift truck.

Apart from its industrial uses and applications in agriculture, builders and coal merchants should benefit from the unit for measuring and loading materials and solid fuels.

Effective metal cleaner

BECAUSE IT can absorb oil, sludge, etc., better than conventional cleaners, yet still remain potently affective up to three times longer than ordinary alkaline solutions, substantial cost savings are promised with Unisoak 80, says M and T Chemicals, 3 Broadway Broad Street, Birmingham (021-643 6321).

It has been formulated to produce exceptionally long bath life, resulting in a significant extension of periods between discard/remake operations and its main benefit is its ability to remove and absorb large quantities of oils and greases at high speed.

Oil flotation problems are virtually eliminated and the possibility of re-deposition during work transfer is minimised.

Said to be highly effective for removing polishing compositions before electro-plating operations, the alkaline cleaner is suggested also for use on a variety of substrates, such as farrous metals, zinc, copper and its alloys.

● INSTRUMENTS

Seeds are counted accurately

FLOUR millers horticulturists and seed merchaots are offered a new ilem of laboratory equipment called the Count Master from Henry Simon (part of Simon Engineering), Special Products Division, PO Box 31, Stockport, Cheshire (061 428 3600).

An accurate count is said to be essential in the estimation of yield, germination and other factors, and the weight of a selected number of seeds is a good indication of quality, says the maker.

The equipment handles all shapes and sizea of grains ranging in size from small seeds of about 1-16th inch—such as mustard—up to larger seeds like wheat or barley, and is accurate to plus or minus four in 1,000 in less than four minutes. A modified model is available for larger seeds such as maize or peas.

The instrument has a bright, three-figure digital readout and may be pre-set to count the seeds as presented to it, or any multiple of 100 seeds up to 1,000. Its feeder is fitted with a simple slide adjustment to accommodate the particular seed being counted, and an automatic "error" signal indicates when the maximum counting rate is exceeded.

● DATA PROCESSING

Weight problems solved

THE "BRAINWEIGH" range of electronic balances made by Ohaus can now be connected to Commodore microcomputers using an interface unit devised by the weighing company. The combination of units can then be used as a powerful means of analysing and comparing large amounts of weighing data with display of results on the VDU screen.

For industrial users a comprehensive software package is available for statistical checkweighing of pre-packaged gooda in compliance with the latest EEC average weight regulations.

The user simply enters basic data about the product (name, nominal and tare weight, production rate, etc.) and the computer decides sampling rates and will pick samples at random.

Tolerance limits are automatically calculated and a continuous display ia giveo of information such as average weight, standard deviation and the number of samples that are falling below the tolerance limits.

In addition the user can call up a graphical display of the distribution of weight values in the current batch and a similar, cumulative display.

Batch and cumulative results are tabulated aod printed out along with statistical information and an indication of pass or fail for three standard tests of acceptance.

The Ohaus Brainweigh machines are all microprocessor controlled and have large stable weighing platforms with an inclined display window showing easily read digits.

More from Ohaus Scale Corporation, Unit L, Broad Lane, Cottenham, Cambridge CB4 4SW (0954 51343).

● FARMING

Protects the sheep in winter

MORE THAN half a million lambs are lost each year in this country as a result of hypothermia and, during some winters, losses can be as high as a quarter of an individual farmer's lambs. Now comes an approach to the problem with the lauoching of a building specially developed to meet the economical and physiological requirements of housing io-lamb ewes, announces McGregor Polytunnels, Soames Lane, Ropley, Alresford, Hants (096277 2368).

This is built from galvanised 60 mm diameter steel tubes and is covered with a specially treated polythene and meets BS 5502 Class 3 for snow and service loads.

Called the Cheviot 9000, it has provision for ventilation around the whole of the perimeter of the structure, made possible by use of a recently developed stockproof windbreak.

Additional ridge ventilation is availabla and can be cootrolled by the use of ventilator spacers to suit the varying winter/spring requirements.

Ground plan around which the building is designed, is ona in which 3 metre wide pens are situated on either side of a 3 metre wide tractor access road, giving the house an overall width of 30 metrea. Feeding facility is to the inside along either side of the central access road. Construction is modular and the building is available in any length in multiples of 3 metres.

Although space requiremeots vary with differeot breeds of sheep, pen space is generally a minimum of 1.3 square metres per ewe, and a minimum trough space of 0.44 metre each animal.

● COMPUTING

First hand information

BUSINESSMEN anxioos to see for themselves what a microcomputer could do for their company are now catered for by Lion Microcomputers.

One of London's larger microcomputer retailers, Lion has established a new Business Systems Division so customers can test systems away from the main shop floor and be helped by expert salesmen. Lion Micro is at 227 Tottenham Court Road, London W1P 0HX, (01-580 7383).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

LOMBARD

High price of cheap petrol

BY WILLIAM CHISLETT

THE MEXICAN Government is again holding one of its periodical debates about whether it should raise the domestic price of its petrol. Mexico's oil export price is subject to increase every three months, and generally it is raised in line with OPEC rises. The petrol price at home, however, has not risen a centavo since 1976. Top-grade petrol is a mere 37p a gallon and the ordinary grade 25p.

Mexico, as the world now knows, has vast oil reserves. Its proven hydrocarbon reserves of 50bn barrels are the world's sixth largest; sufficient to last Mexico 60 years at its present rate of consumption.

Studies to date show that slightly over 1m square kilometres of Mexico's territory of 2.5m have good oil-bearing prospects and that only about 10 per cent has so far been thoroughly explored. So, given this oil wealth, why the need to raise petrol prices at home, always an unpopular measure?

Foreign sales

Mexico, says the powerful lobby in favour of maintaining the present price level, has many years yet before it needs to worry about its oil wells drying up. Every family should have the right to run a car. And to judge from congested and polluted Mexico City, where there are 2m cars, every family does.

And — here the argument becomes highly nationalistic — if the Government needs more revenue then let it come from foreign sales, not from a price increase at home.

Mexico was the first country in the world to nationalise its oil industry, and 42 years after the historic event—fervently commemorated every year—every exported barrel of the country's oil is regarded as if it were a piece of ravaged national heritage.

Further, runs the argument, industrial development, spurred on by cheap petrol, would be discouraged and inflation, already running at 25 per cent this year, would rise.

All these arguments have their validity. But, say those in favour of a more realistic pricing system at home, the country is being lulled into a false sense of security.

After all, if you can fill up the tank of a Volkswagen, the most popular car in Mexico, for less than 100 pesos ($4.4) what incentive is there for the Government to create a decent public transport system? No wonder that Mexico's system is chaotic and that there are 2m cars in the capital.

The most important reason, however, for a domestic price increase is surely that this would give the State more funds to tackle to a greater degree Mexico's immense social problems.

Just a peso a litre increase (2p) would swell the State's coffers to the tune of $1m more a day. And an extra peso is hardly going to discourage industrial development, nor is it very inflationary.

Many things could be done in Mexico with the extra money. For a start the Government could reduce its budget deficit which is estimated at 182bn pesos ($8bn) this year.

I would suggest that any increase from raising petrol prices at home would be best spent on Mexico's Achilles heel—agriculture.

More dire

The situation in Mexico's impoverished and neglected contryside is even more dire this year because of the exceptionally harsh drought. This is causing food production to fall to such an extent that imports of cereals could be as high as 10m tonnes this year, compared with 3.7m tonnes in 1979.

The Government recently admitted that 27m Mexicans out of a population of 67m are undernourished by international standards.

Not a peso spent on improving their lot would be wasted. A full belly is more important for Mexico's continued political stability than keeping petrol ridiculously cheap.

Principles of colour and contrast

GARDENS TODAY

BY ROBIN LANE FOX

AS THE WORK eases off in the mid-August garden, there is time to think how its style could be improved. There is always scope for a new group of this plant beside the old group of that.

The more you know, the more you can conceive of changing. One way to learn is to visit good gardens and wonder why they are better than your own. Another is to talk to their owners or to people who take planting seriously as artists. If you follow them too closely your garden may become predictable. It is an open secret nowadays that anyone can make an easy and pretty garden from white Iceberg roses, dark blue lavendar, silver leaves, pinks and ladies mantle. If you are short of space it would be a pity to go over these old vogue cliches again. Instead you might begin with wider principles which guide the effects you are aiming at and help you to pick more interesting plants. I have been looking through some old advisers and realise that modern gardeners have discovered less than they sometimes imagined.

Landscapers

Historians of gardening tend to write as if colour planning and the contrast of shapes and forms were first discovered in the 1890s. Miss Jekyll is the name which they pass around, a convenient peg for radio programmes and exhibitions. Less attention is now paid to what grander landscape gardeners had earlier written on the same humble subject. Between 1740 and 1820, England became famous for its open landscape gardens, parks of grass and trees without flowers. Not many gardeners now bother to read these great planners and perhaps because they were all men, they attract less attention. However, there is still much to discover in the wide writings of the last of the landscapers, the under-estimated Humphrey Repton, a gardener who is in danger of becoming the favourite of investors in rare books, although he had discovered much which was later made fashionable by the women gardeners at the turn of this century.

Looking round for some principles of planting, I have been struck by Repton's perceptions. You may know his large books with those charming aquatints of English country estates in which a moveable slip allows you to see the prospect before and after his proposed improvements. But unlike Kent or Brown, Repton had also thought carefully about plants. He lacked the great range of plants in our modern shrubberies or borders which were enriched by the world-wide travels of plant collectors shortly after his death. But already, he understood very well what planting is about. For he insisted, above all, on contrast.

Following his example, we should still put contrast at the top of a garden's qualities. As you plan your improvements, however small, try to think in his terms of light and shade, height and lowness, firm shapes and weak outlines, prickly flowers and smooth petals. Repton took this very seriously long before the late Victorian garden artists. He refers to a meeting with the statesman Pitt, a confrontation of artist and politician which is hard to imagine in our own times.

He had been invited to see the Prime Minister and was discussing that important problem of the world around 1800: why the eye takes such pleasure in a sunny day. To Pitt's delight, the master gardener pointed out the effects of sunlight on the vine-leaves in the Prime Ministerial conservatory, how they took on different colours and textures according to the angle of the sun. The contrast, Repton taught him, lay between a leaf with the light shining on it and the leaf with the light shining through it. Pitt, he said, was so delighted that he took to experimenting with all sorts of leaves which "became new objects of delight to a mind like his, capable of resorting to the beauties of Nature as a relief from the severer duties of his arduous situation." F.T. readers will sympathise.

I am not being deliberately vague. The play of light and shade is an extremely important effect which every book on garden design passes over or mishandles. To be specific, if you are planting shrubs with red-purple leaves, purple rhus and so forth, try to site them where the late sun will shine through their leaves facing west and treble the richness of their impact. Conversely, a light fuzz of silver leaves or the glossy evergreen leaf of the acanthus can take a direct light onto them. The former lets the light through, the latter blocks it out and reflects it. They are good choices for an open sunny site or a south-facing bed.

The grey-blue leaf of the giant Hosta Glauca is best away from all direct light where its coolness of colour can come out to the full. Silver leaves are too often used in a dark London garden where they are a visual flop. Equally, the pale colours of hostas or greenish yellow forms of orange blossom look miserable in open sun. Generally, try to act on Repton's advice by using trellis and climbers not just to block out the neighbours but to vary your garden's pattern of sunlight. Remember that there are many sorts of honeysuckle and that the red and white Dutch varieties are just as good as that buff-white Japanese one which turns up in every courtyard. Honeysuckles are easy to train and are just as good in shade or sites where the light falls directly onto them.

The G.T.C. in Sloane Street, SW1 will sell you the last word in trellis-artistry, an expensive stretch of white trellis with a planting space at its foot and a set of wheels. You can move this novelty around the garden wherever space, light or company require, wheeling it to suit the time of day or the romances in the back courtyard. It looks like a small cricket sight-screen, so you could even use it as a backdrop to Boycott in the Centenary test on your portable summer TV. In a country garden it would be too pretentious. In a town, an eye for contrasts could have fun with it.

The more obvious contrasts of height and colour were already well known to Repton. After 200 years, we have simply extended them, without changing his outlook. He phrased it rather differently, as a contrast between "aspiring" and "drooping" plants, adding the thoroughly Georgian judgment that "in vegetables, as in the human form, the apparent need of support increases the interest in what is beautiful." I assume he was thinking of stays and bodices, not drunkards.

A modern gardener can still do with some willowy plants which hang or need support among stronger neighbours. The clematis is a good example, a plant which we confine to the foot of a wall where it lacks dampness and grows less happily. In August, the marvellous Jackmanii varieties in blue and purple are at their best, but I would also like to train them up frames of wire or trellis in a border, contrasting their pyramids of flower with the sprawling shapes of herbaceous potentillas and small verbenas. They are a way of bringing height into an August border without introducing too much yellow.

Textures

There are other contrasts for alert planners, the contrasts in a flower's texture and the contrasts of dark and light leaves. Repton devoted short essays to all of them reminding us how the eye needs repose from the "gaudier sorts of colouring." We should remember what he noticed while we plan for the more obvious virtues, a long season and shades of pink and blue. The more critical your eye, the better the standard at which you will try to aim. Mine, perhaps yours too, is sharpened more often than not by looking way back to past masters of design.

Princes Gate set for Salisbury

RACING

BY DOMINIC WIGAN

NO ONE has a record to compare with Franca Vittadini in the ever-lengthening list of races confined to lady amateur riders, and it comes as no surprise to find that Harry Thomson Jones has snapped her up for Princes Gate today.

The pair look set to add to their impressive individual records in Salisbury's Elizabeth Ladies Stakes.

Unraced as a juvenile, Princes Gate opened his account at the third time of asking with a win over today's one mile course and distance earlier in the summer and then proceeded to follow up in far better company on his home course.

There, brilliantly handled by amateur John Hills, in the Britvic Slimster Stakes, Princes Gate beat Nawaf a shade more convincingly than the half-length verdict might suggest for Hills at no time asked more than was strictly required.

The form of that Newmarket race could hardly have worked out better for Nawaf, seven lengths ahead of third place Frasass—to whom he was conceding 7 lbs—has since won twice. Frasass also came good with a comfortable victory in a £2,500 event at Doncaster.

Unless Ghaplins Nightclub can recapture the form which saw him finishing on the heels of Playboy Jubilee, Prince Bee and Tie Anchor in the Dee Stakes, Princes Gate will have matters very much his own way.

Speed merchant, Star Story, has clearly passed on more than a little of her ability to Hot Press and I suspect it will take a smart effort by one of this filly's opponents to prevent her completing a double in the Swan National Rentals Stakes. Despite running green at Wolverhampton on July 21, where she was also not helped by a low draw, Hot Press got up to foil a gamble on Try travelscene.

SALISBURY

2.00—Cumulus
2.30—Gin Game*
3.00—Hot Press**
3.30—Princes Gate***
4.00—African Rhythm
4.30—Oldstock
5.00—End Of War

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.25 Noah and Nelly in Skylark. 9.30 Jackanory. 9.45 Cheggers Plays Pop. 10.05 Take Hart. 10.25-12.45 pm Cricket: Gillette Cup semi-finals. 1.30 How Do You Do. 1.45 News. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 11.00 am). 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grandad.
5.40 News.
5.55 Nationwide (London and South East only).
6.25 Dr. Who.
6.50 Top Sailing.
7.20 Golden Soak.
8.10 The British Greats (Jack Hawkins).
9.00 News.
9.25 The Good Old Days.
10.15 Bloomers.
10.45 Medical Express.
11.15 News Headlines.
11.17 Athletics: The Weltklasse Games from Zurich (highlights).
12.10 am Weather; Regional News.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales — 5.55 pm Wales Today. 6.20 Lucille Ball in "The Lucy Show." 6.45 Newyddion: News. 6.55-7.20 Ask The Family. 12.10 am News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.25 Reporting Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England — 5.55-6.25 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
1.20 pm Cricket: Gillette Cup semi-finals.
4.50 Open University.
6.55 Dallas.
7.45 Mid-Evening News including subtitles.
7.55 Top Crown.
8.40 Movie Showcase: "Lost In The Stars," starring Brock Peters.
10.15 Journey Back.
10.45 Newsnight.
11.30 Cricket: Gillette Cup (highlights).

LONDON

9.30 am Paint Along With Nancy. 10.00 The Best of Families. 10.50 Mystery Island. 11.00 Animated Classics. 11.45 On Stony Beaches. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Live from Two. 2.45 Fantasy Island. 3.45 Cabbages and Kings. 4.15 The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15 Survival.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 The Big Top Variety Show.
9.00 Women of Courage.
10.00 News.
10.30 The Granada Band of the Year 1980.
11.30 The New Avengers.
12.25 am Close: Personal choice with Charles Eaton.

All IBA Regions as London except at the following times:

ANGLIA

10.50 am Call It Macaroni. 11.15 The Beachcombers. 11.40 Cartoon Time. 12.30 pm An Exceptional Child. 1.20 Anglia News. 2.45 General Hospital. 5.15 Mr. and Mrs. 8.00 About Anglia. 12.30 am The Big Question.

ATV

10.50 am The Stationary Ark. 11.15 Animated Classics. 12.30 pm Against The Wind. 1.20 ATV Newsdesk. 2.45 The Outsiders. 5.15 Doctor Down Under. 8.00 ATV Today including Police Five. 11.30 ATV Newsdesk. 11.35 Sugarstar Profile.

BORDER

10.50 am Jazz Series. 11.15 Clue Club. 11.35 The Count of Monte Cristo. 12.30 pm An Exceptional Child. 1.20 Border News. 0.00 Lookaround Wednesday. 11.30 Celebrity Concert (Englebert Humperdinck). 12.25 am Border News Summary.

CHANNEL

12.30 pm An Exceptional Child. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Happy Days. 0.00 Channel News and Weather. 8.10 About Turn. 10.28 Channel Late News. 11.35 The Electric Theatre Show. 12.00 Rabies—Sometime Or Never? 12.16 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.50 The Jazz Series (George Chisholm/Carol Kidd/Morrissey-Mullen Band). 11.16 Thunderbirds. 12.30 pm An Exceptional Child. 1.20 North News. 5.15 Mr. and Mrs. 6.00 North News. 8.10 Wild Wild World of Animals. 10.30 Reflections. 10.35 The Kennedys Don't Cry. 12.15 am North Headlines.

GRANADA

10.45 am The Nature of Things. 11.45 Song Book. 12.30 pm An Exceptional Child. 1.20 Granada Reports. 2.45 Young Ramsay. 5.15 Mr. and Mrs. 8.00 Granada Reports News. 8.05 What's The Word? 11.30 Spooner's Patch. 12.00 George Hamilton IV.

HTV

10.50 am Sesame Street. 11.50 Popeye. 12.30 pm Against The Wind. 1.20 Report West Headlines. 2.45 The Outsiders. 3.45 The Good Neighbour Show. 5.15 Dick Tracy. 5.20 Crossroads. 8.00 Report West. 0.30 Doctor Down Under. 11.30 Ride To A Spanish Virgin.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 3.45-4.15 Looks Familiar. 4.45-5.15 Ni A Nhw. 0.00 Y Dydd. 8.15-8.30 Report Wales. 10.30 Bywyd. 11.15-12.00 Boxing.

SCOTTISH

10.50 am Call It Macaroni. 11.10 Westside Medical. 12.30 pm An Exceptional Child. 1.20 News and Road and Weather. 2.45 Chopper Squad. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today, News and High Summer Extra. 6.30 Happy Days. 11.30 Late Call. 11.35 Enterprise.

SOUTHERN

10.50 am Tandarra. 11.45 Larry The Lamb. 12.30 pm An Exceptional Child. 1.20 Southern News and Weather. 2.45 General Hospital. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-Week (South East Area only). 10.35 First Edition. 11.20 Sidestreet.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 10.50 The Nature of Things. 11.50 George Hamilton. 12.30 pm An Exceptional Child. 1.20 North East News and Where the Jobs Are. 2.45 Wildlife Cinema. 3.15 The Story of Wine. 5.15 Mr. and Mrs. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 10.32 The Prime of Miss Jean Brodie. 11.30 The Granada Band of the Year 1980. 12.30 am Epilogue.

ULSTER

10.50 am The Jazz Series. 11.16 Untamed World. 11.40 Cartoon Time. 1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 8.15 Want A Job? 6.30 Mind Your Language. 10.29 Ulster Weather. 11.30 Gardening Today. 12.00 Bertime.

WESTWARD

10.50 am The Jazz Series. 11.15 Kum Kum. 11.40 Larry The Lamb in Toyrown. 12.30 pm An Exceptional Child. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.16 Happy Days. 6.00 Westward Diary. 10.31 Westward Late News. 11.35 The Electric Theatre Show. 12.00 Rabies—Sometime or Never? 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

10.50 am The Count of Monte Cristo. 11.10 Call It Macaroni. 11.35 Our Little Town. 12.30 pm Tell Me Another. 1.20 Calendar News. 2.45 Tandarra. 5.15 Stay Alive Goes Exploring. 8.00 Calendar (Emley Moor and Belmont editions). 11.30 Paris.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Radio 1 Mailbag. 8.00 Adrian Jay. 5.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.05 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 8.03 Gillette Cup Special (final stages of both semi-finals). 7.30 John Dunn (S) (joins VHF). 9.02 Listen to the Band (S). 3.45 Alan Dell with Dance Band Days. 9.15 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Verdi (S). 10.00 Music for Organ (S). 10.45 BBC Concert Orchestra (S). 11.25 Oboe and Piano recital (S). 12.00 Royal Liverpool Philharmonic Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.50 The Part-Song Repertory (S). 2.20 A Tippett Concert (S), including 3.10-3.20 Interval Reading. 3.55 Nolmbos String Quartets (S). 4.55 News. 5.00 Mainly for Pleasure (S). (‡ and mono only from 6.20). 7.00 Music Now. 7.30 Proms concert, part 1: Mozart, Berg (S). 8.10 Six Continents. 8.30 Proms, part 2: Mozart, Berg (S). 9.35 Vivaldi (S). 9.45 Scientifically Speaking. 10.20 Bracha Eden and Alexander Tamir 2-Piano recital (S). 11.00 News. 11.05-11.15 Steve Race (S).

VHF only—6.00-7.00 am and 8.20-7.00 pm Open University; and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Blasting and Bombardiering. 9.00 News. 9.05 Mid-week with Sue Lawley. 10.00 News. 10.02 Pick of the Bunch. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Peter Barkworth with records (S). 12.00 News. 12.02 pm You And Yours. 12.27 You've Got To Be Joking (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News magazine. 6.50 Shipping forecast. 0.55 Weather; programme news. 0.00 News. 6.30 The Year In Question. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Collapse of Work: Will work become a thing of the past? (S). 8.45 Analysis. 9.30 Kaleidoscope. 8.59 Weather. 10.00 The World Tonight. 10.30 Rumpole. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables with Edward Cole. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Tony Blackburn Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

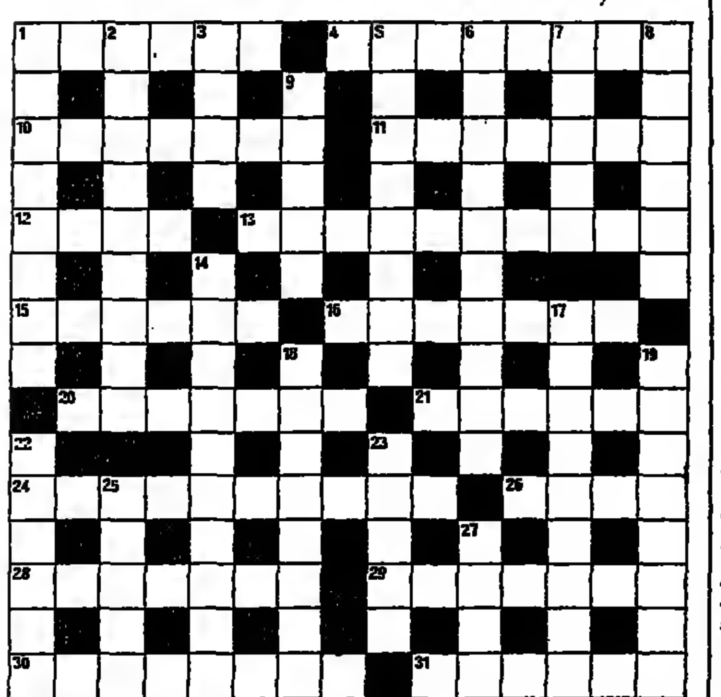
London Broadcasting

6.00 am AM—Douglas Moffitt and Alan King. 10.00 Brian Hayes—Presented by Vivian White. 12.00 LBC Reports. 3.00 pm Jazz After Eight—Keith Howell. 8.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Carol Allen. 4.00 Network. 6.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 2.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,347



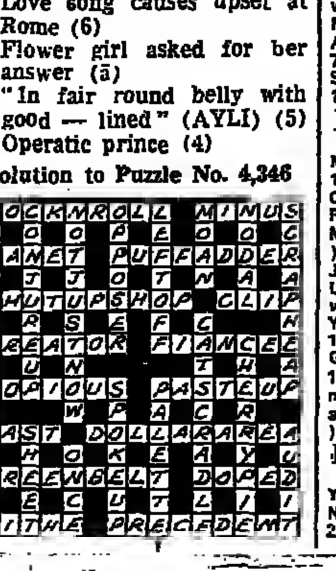
ACROSS

1 It's an imposition to add to the enclosure (6)
4 Raise your voice about rock filling (8)
10 Offensive outcry about the order (7)
11 A prize-fighter who leaves his mark (7)
12 The fence causes a chuckle (2-2)
13 Fifty in the fray not so much like the kiwi (10)
15 Pasts for the simpleton (6)
16 Spy returns the gun to the killer of bulls (7)
20 Dives in ancient Lydia (7)
21 Everyone in the opera house gets the hammer (6)
24 The term that blooms when joined by 23 (10)
26 Flat, but bring on tea, and it is quite an occasion (4)
28 Punishment spoils true delight (7)
29 Portent or a lady from Italy (7)
30 Offered a small boat to the editor (8)
31 Nothing in the bottle for the castaway (6)

DOWN

1 Taste for a swan-song (8)
2 Our big hen upsets the chap next door (9)
6 There are consequences for a youngster in a second course (5-5)
7 Is the girl to have children? (5)
8 Cut round Rhode Island—it's dazzling (6)
9 Cads, but those in flight take to them (5)
14 Coloured flower sets one dancing (4, 6)
17 "And with some sweet—antidote" (Macbeth) (9)
18 Top score? It's humbug (5-3)
19 Early culture for one in the theatre (5, 3)
22 Love song causes upset at Rome (6)
23 Flower girl asked for her answer (5)
25 "In fair round belly with good — lined" (AYLI) (5)
27 Operatic prince (4)

Solution to Puzzle No. 4,346



هكذا من الأصل

ENTERTAINMENT GUIDE

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

THE ARTS

Television

Stretch marks by WINSTON FLETCHER

Eccentricity is the soul of television. To keep you wide-eyed and wakeful from *Nationwide* right through to the Epilogue the documentaries, drama, news and entertainment must be unusual, curious, unpredictable. Even the everyday sagas of everyday folk like me, you and Elsie Tanner must be built—as indeed they are—upon an endless concatenation of tiny, quirky melodramas (satirised so wittily by *Soap* itself).

Happily, last week's documentaries fed viewers a feast of cranks and oddities: some malign, some benign, some just amiably dotty. Less happily, few of the subjects were sufficiently spellbinding to sustain the lengthy treatment allotted them.

This may have been a result, particularly in the BBC's case, of impecunious hard-times forcing them to stretch their programmes with material which in their hearts they knew was dull; it may have been a result, particularly in ITV's case, of low summer ratings justifying only low budget programmes; or it may simply have been a brief epidemic of that well-known television producers' debility *indulgentia editorialis*—the obsessional love of film-makers for their own footage.

Ours not to reason why. Whatever the excuse the results were often inexcusable. Take for example Friday evening's *Survival* special *A Tear for Karamojo* (ITV). Eighteen years ago in Northern Uganda a Survival camera team recorded the *mores* and civilisation of the Karamojong, a then flourishing warrior people among whom, according to the portentous script, "marriage and old people were highly respected, children were loved, and life was unbelievably good."

No matter that there was high infant mortality and short life expectancy; no matter that adult males spent four days at a time at the hairdresser (Mr. Teasy-Weasy, where are you now?) while "the woman's place was wherever there was dirty, back-breaking work to be done"; no matter that a breakfast of raw oxblood mixed with milk often comprised an entire day's nourishment; no matter that droughts and famines must inevitably have decimated the tribes regularly over the centuries; to the *Survival* team the Karamojong were a happy band of lovable, noble savages.

Into this primitive paradise marched Idi Amin's army. Amin ordered the tribesmen to wear trousers and shot them if they disobeyed. Taxes were levied, cattle rustled, food plundered. Young Karamojong became bandits while the elderly and the children, lacking food, suffered death and disease. In less than a decade a complete culture has been irrevocably obliterated.

The merciless destruction of this strange (if you like eccentric) people by the malign Amin would be worthy of a major investigative feature. Sadly *A Tear for Karamojo* was little more than a protracted Open University lesson in romanticised social anthropology—lots of references to rituals and quaint customs—spiced with astringent but easy anger at Amin. Worst of all, given the tragic importance of the subject, because it was protracted it became boring.

Stretch marks of a different kind afflicted last week's *Women of Courage* (ITV) episode, in which Norwegian heroine Sigrid Lund relived her traumatic experiences of World War II. By definition heroines are uncommon and thus inherently fascinating. Likewise by definition, any programme called *Women of Courage* is inherently sexist—and silly to boot.

Because of the inverse male-chauvinist title Ms. Lund's unquestionable bravery was elevated heroically. Yet as her story unfolded it became palpably clear that her husband, son and innumerable male colleagues had displayed still greater courage. Not that Sigrid Lund would dispute this for a second. To the contrary, she was all too willing to lavish unstinting praise upon the many thousands of Norwegians who, like her, risked their own lives to help Jews and others escape the Nazis.

However the editorial corset demanded that the men's valour should take a back seat. This had the effect—sacriligious though it somehow seems to say so — of over-extending Ms. Lund's audacious achievements. In reality her own acts of courage were finished 15 minutes after the programme started. For the remaining three-quarters of an hour she merely recounted events in which she had been an almost mute participant. A gripping tale which, had it been correctly called People of Courage, would have been unobjectionable. Quite what has brought about the recent spate of catchpenny sexist series (*The Ladykillers* is another) is yet another of television's unsolved mysteries.

A very different, if equally eccentric, species of courageous woman appeared in the BBC's 50th Inside Story feature, *On the Game*. Ostensibly provoked by Southampton Council's current crisis of indecision as to what to do about the legal prostitution burgeoning around its dockland, this soft-porn documentary offered viewers a panoramic picture of the current state of whoring round the world.

In Germany it has been organised, systematised, sanitised and authorised. (Interviewer: "Would you describe yourself as a pimp?" Hamburg respondent: "No. I'm a businessman." Interviewer: "What's the difference?" Respondent: "I pay taxes.") Disregarding questions of morality, the outcome looks a lot less than appetising.

In America, where brothels have now been legalised in three states, the outcome is clean, wholesome, healthy and hygienic, but not, apparently, much fun. Nor did Soho or Amsterdam provide the answers to mankind's eternal sexual predicament. But then only a breathtakingly naïve Southampton councillor, or a BBC producer, would have expected otherwise.

The arguments for and against prostitution have not advanced one jot or tittle in 2,000 years (at least). Which is why none of the protagonists in *On the Game* had anything new to say on the subject; and is equally why the same points were incessantly repeated, again and again throughout the programme. *Pragmatists* (including assorted prostitutes, pimps and "realists" of all kinds): "Prostitution cannot be stopped, is a necessary — nay desirable—evil, minimises rape and child molesting, is better controlled than left to fester." *Moralists* (mostly Christian, but including other varieties of believers): "*Prostitution is sinful*, cannot be condoned, let alone given tacit respectability by public sanction."

It is a dispute which patently cannot be resolved by BBC producers tripping off to Nevada and Hamburg — sententiously peeping through their lenses at, according to the narrator, "a town alight at night with prowling hamburgers." Ah well. Even if *On the game* provided no profound revelations, at least you now know what Wimpy's get up to when the chef goes home.

If the eccentrics in *On the Game* would by many be described as perverse, the eccentrics in *I Have Seen Yesterday* (BBC) would by most be described as straightforward, endearing nutters. Indeed the programme might more aptly have been called Nutters Anonymous. Anonymous not insofar as the participants were secretive about who they were, far from it—but anonymous in that each of them seemed to be rather a large number of people: some living, some not so living (none dead, because all of them believed in reincarnation in which creed death, presumably, is an outmoded concept).

A trifle unfairly, if most enjoyably, interviewer/producer Hugh Burnett played it for giggles. This was not difficult. Ladies with brightly varnished fingernails who believe themselves to be James IV, judges who clearly recall having been one of Pharoah's bodyguards, popsingers dressed as mummies and the rest of the gallimaufry of everlasting beings were difficult to take too seriously. Nevertheless the subject does raise some profound questions, and these were left unasked. Still, nobody could accuse *I Have Seen Yesterday* of being tediously attenuated.

Nor could that accusation be levelled at the same evening's brief gem *Gilbert White Lived Here* (BBC), in which David Attenborough gave a perfect demonstration of how to encapsulate one of history's great cranks in 15 tightly-packed minutes. Apart from a few irritating and unnecessary rhetorical questions, Attenborough's script was a model of concise precision.

Almost as concise and precise, in fact, as White's own marvellously lucid prose. As the prim 18th-century curate shouted at bees to see if they could hear, or studied the sex life of Selbourne earthworms by the light of a candle, his words breathed real everlasting life into the succinct filmlet. Though eccentricity is the soul of television, brevity runs it a close second.

Scene from 'A Tear for Karamoja'

Young Vic Studio

Ya' acobi and Leidental

by B. A. YOUNG

You might not guess it from the modesty of their offering but the Cameri Theatre is Tel Aviv's municipal theatre. There are two auditoriums, a large one seating 900 and a smaller seating 350, and it is from the latter that we get Hanoch Levine's *Ya' acobi and Leidental*, a comedy for three players with no scenery but a traverse curtain and three wooden chairs.

"Comedy" is the author's word for it but it is hardly light-hearted. Levine displays contempt for both of his men characters, the arrogant Ya'acobi and the masochistic Leidental, and undiluted hatred for the woman whose favours they share, the fat pianist Ruth Shahash. They do not share her equally: Ya'acobi picks her up in the street, greeting her stooping figure with the words "Who is the mistress of this bottom?" and quickly carries her off to wedlock. Leidental, deprived of the friend with whom he used to drink tea and play draughts, presents himself to the couple as a wedding present and settles down to a life of pleasurable servitude.

All this and its subsequent unwinding is shown in what I can only call a diagrammatic way. It manages to fill a whole evening by the use of long soliloquies analysing the motives that drive the three of them, and some songs by Alex Cagan that refer so frankly to bodily functions that even if I wanted to I couldn't write the lyrics here. The first song, sung by Ruth, has a chorus that runs "Big Bum is ever with me," and this is followed by "Beautiful boobs"; but I can go no further.

Ruth is shown as completely selfish. "I'll send him in a bill for this," she says whenever Ya'acobi approaches her. "I almost invested some anger in him," she says when Leidental

Zaharirah Charifal and Albert Cohen

fails to come up to standard. The only decent quality she displays is a belief in the family, but Levine makes it ludicrous in her.

The players are Zaharirah Charifai (Ruth), Albert Cohen (Ya'acobi) and Joseph Carmon (Leidental), and they are directed by the author. If their playing seems a little to lack fire, this may be because the play was written in Hebrew and is done here in English. In whatever tongue, however, the jokes are too far apart and too thinly spread. If you can imagine a Donald Magill postcard on a Jewish subject, with the punch-line left out, you will have an idea of how the play impressed me.

1981 Glyndebourne Festival

The 1981 Glyndebourne Festival will run from May 27 to August 11, with 64 performances of five operas.

The new productions will be Rossini's *Il barbiere di Siviglia* and Britten's *A Midsummer Night's Dream*. The revivals will be Mozart's *Le nozze di Figaro*, R. Strauss's *Ariadne auf Naxos* and Beethoven's *Fidelio*. The 1981 programme was announced by Mr. George Christie, chairman of Glyndebourne Productions at the end of the 1980 Festival.

Il barbiere di Siviglia (an opera not given at Glyndebourne since 1960) is sponsored by Imperial Tobacco. It will be produced by Glyndebourne's director of production, John Cox, conducted by Sylvain Camberling and Elgar Howarth, and designed by William Dudley. Sixteen performances between May 30 and July 4.

A Midsummer Night's Dream (the first Britten opera to be given at Glyndebourne since 1947) is sponsored by Commercial Union. It is conducted by Glyndebourne's musical director, Bernard Haitink, with Sir Peter Hall producing and designs by John Bury. Ten performances between June 21 and July 12.

Elizabeth Hall

Summer Music by DAVID MURRAY

The familiar Summer Music formula — well-known soloists brought together to play the mainstream chamber repertoire —was in force on Monday, and also the familiar Summer Music risk of whimsical last-minute programme changes. This time it was only a matter of exchanging one Trio Sonata doubtfully by Bach for another of still more doubtful authorship: no cause for serious complaint, but one may hope that subsequent programmes will prove less unstable than last summer's. (One concert found the audience trying frustratedly to match the printed description of one string quartet with what they were hearing, a different and unannounced one.) Monday's Trio Sonata in C was in any case lovingly and unshowily played by the violinists Pinchas Zukerman and Itzhak Perlman with their continuo partners.

The cellist Laurence Lesser remained for Haydn's mature Piano Trio in A, H. XV No. 18, joined by Kenneth Sillito's violin and Emanuel Ax's piano. Mr. Ax boasts a big, rounded tone at the piano, but he scaled his playing admirably to the period requirements of the music. Though the strings have modest supporting roles, their few prominent moments were all allowed to tell, and the trio managed a perfectly plausible balance—a feat especially remarkable given the acoustic hazards of the hall. The infectious Finale was dazzlingly sprightly.

The major work was the Piano Quintet op. 44 of Schumann, again with Ax and with the four string players mentioned already (Zukerman now on viola). Again the collective balance was most delicately adjusted, without prejudice to the robust high spirits of the piece. If the opening Allegro was a shade brittle—Ax was ultra-scrupulous about not swamping his partners, and even where the piano has the second subject to itself he opted for a breathless *sotto voce* that seemed self-conscious in context—the later movements grew ever more extrovert and confident. There was no lingering (perhaps the breadth of Schumann's writing was narrowed a little by that), but no fudging of detail either, and they all lavished such brilliant virtuosity on the Finale that even its dutiful fugato section sounded exciting.

Montepulciano

Pollicino by WILLIAM WEAVER

On a recent Saturday, outside the Teatro Poliziano here, an eager, large crowd was ready to fight its way into the opera house. It was eight o'clock, a full hour before curtain-time; but the theatre is small, and expectation was high: it was the opening night of a new work by Hans Werner Henze, *Pollicino*. In the crowd there were many familiar faces—leading Italian music critics, officials of the RAI, a representative of the Royal Opera House, Covent Garden—but there were also many local citizens. They were, in fact, the families of the performers, because *Pollicino* was written with the children of Montepulsiano in mind: they were to sing most of the leading roles, and they were to form most of the singular orchestra for which the piece is scored. Henze had succeeded in combining an important international musical premiere with a joyous, family-style town *festa*. It was a heady mixture, and the high spirits were infectious. The new work was a wild success.

I believe the standard translation of *Pollicino* is "Hop-o-my-thumb." In any event, the libretto (by Giuseppe Leva) of this "fairy-tale in music," as Henze defines it, includes all the familiar elements of such tales, sometimes seen in a slightly unfamiliar light. Pollicino and his brothers are abandoned in the forest by their poor parents, unable to feed them. They find their way home, but the parents again take them to the forest. This time, the animals befriend them and lead them to shelter. But the shelter turns out to be the castle of an ogre, with a wife and seven ugly daughters. The children (including the little agresses) escape, the girls become beautiful, and all ends happily.

Henze wrote the music for young performers, but he did not write down to them. The tunes may be simple, often with a folk quality, but the harmonies are not; and the rhythms may be catchy, familiar (there are several waltzes), but they are also occasionally tricky, angular. The young performers managed very well.

As part of Montepulciano's year-round programme, the town—at Henze's instigation—has sponsored the "Concentus Politianus," conceived and directed by Gaston Fournier-Facio, who has been training the enthusiastic (and gifted) young instrumentalists in the orchestra, some of whom played music for the first time only six months ago. The orchestration of *Pollicino* thus favours the recorder (and the predominance of this instrument lends a delicate, pastoral glow to the whole score), but the percussion is also rich and prominent. London audiences will be able to judge the work at Christmas time, when it will be given, in English, at the Royal Opera House.

Here, in Montepulciano, it was simply, but ingeniously staged by Willy Decker, with sets and costumes by Peter Nagel, based on lively drawings by the local school-children. The piece, which lasts under an hour and a half, moved smoothly. My guests at the opening were two neighbours, aged nine and six. The latter was seeing human beings on a stage for the first time in his life. Both he and his slightly more sophisticated older brother were riveted, and the occasional mishap (at one point a rubber watermelon rolled off the stage into the violin section) only added to their unrestrained pleasure. But older members of the public also had a good time.

Though Henze almost always presents one important new work of his in Montepulciano, the Cantiere, the work-site, as he insists on calling it (rejecting the word "festival"), is not self-celebratory. The programme is always wide-ranging. This year, in the opera department, it also included a new production of Rossini's *La cenerentola*, with the Young Musicians' Symphony Orchestra and the British Choir Abroad, both from London and both admirable. The orchestra, under Gianluigi Gelmetti's fluent direction, played with rousing verve; the chorus — heard also in afternoon programmes of Bach motets — was agile physically *as well as musically*.

Montepulciano avoids big-name singers, and for Rossini this could be a detrimental policy: his works, as a rule, demand experienced artists. But, to a large degree, the young interpreters in this *Cenerentola* compensated with talent and musicality for their lack of experience. In particular, Anna Maragaki was a touching Cenerentola (looking, at least from my box, just a bit like Mrs. Wally Simpson, an apposite resemblance). She faced the bravura passages with security, and she paid due attention to recitative. Her prince Ramiro was Gary Bennett; the voice is perhaps small, but attractive and elegantly, unerringly handled. Though his Italian was not always comprehensible, John Michael Flanagan made a good Magnifico, less buffo than the usual portrayal, and more human. Except for a few tedious games with the lights and an occasional intrusive misuse of the chorus as mimes, Giovanni Lombardo Radice's staging was simple and cogent; Aldo Buti created necessarily emblematic sets, nice to lok at, and delightful Napoleonic costumes.

Arts Council dance awards

Under its scheme to assist creative talent in Dance, the Arts Council has approved dance awards to choreographers and a designer for new works commissioned by professional dance companies.

Stuart Hopps receives a commission fee to create a solo for Tamara McLorg's one-woman show to open in Northampton in October and to tour early in 1981.

A bursary for Christine Juffs will enable her to create a new programme to tour in autumn 1981 with Dancework, the company she formed in 1977.

Janet Smith, the Leeds-born dancer and artistic director of her own group, Janet Smith and Dancers, receives an award towards the production costs of new works to be performed by her group later this year.

Rosemary Butcher receives a bursary to help her create a new programme and there is an award for Jon Groom to design and construct a new set for the Rosemary Butcher Company.

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Relief in the oil market

THE GREAT thing about being repeatedly banged on the head is that it feels wonderful when the heating stops. So it is with oil prices. After 18 months of incessant increases, western nations might be forgiven for feeling mildly euphoric about the recent fall in some of the more extreme oil prices.

As some African exporters—and at least one North Sea producer—have found to their cost, oil refiners can now buy spot market cargoes of high grade crude at prices several dollars below contract rates. Western European refiners claim that in certain cases it is cheaper to buy spot lots of refined products than to process their own crude.

Pressure

In these circumstances the producers of high-price crude oil—they include Iran, Libya, Algeria, Nigeria and the UK—are coming under increasing market pressure to lower their contract rates.

Conceivably, the UK (through its major trader, British National Oil Corporation), could take the lead and trim North Sea tariffs. In the current slack market the action might be sufficient to bring the contract levels of high grade oil realistically closer to the prices of inferior Middle East crude. The differential between these two groups of crudes has never been greater—as much as $10 a barrel between the rates charged by Saudi Arabia and Algeria, for instance.

It could be argued that the UK would be helping itself and doing a favour to other major oil consumers at the same time. On the wider front, the moderating stance would further dampen the general level of prices. At home there would be a benefit to refiners, who use about half of the UK North Sea's output, and consequently product buyers. A lower price might also take some of the gloss off the "petropound" and help industrial exporters who find themselves hampered by the high exchange rate of sterling. These benefits could possibly outweigh the drop in Government revenues.

But such unilateral action would not be without risks. There would be no guarantee that other producers would follow suit. It might be more realistic to expect that member countries of the Organisation of Petroleum Exporting Countries would respond by cutting premium charges rather than by trimming contract tariffs. This would be important. It is estimated that at least 17 per cent of OPEC crude is being sold at premiums above official prices.

Folly

What is clear is that any decision to tinker with UK oil prices must be taken on commercial, rather than political, grounds. Traditionally Britain has followed, rather than led, on oil price movements; it would be commercial folly for the UK to try to stand alone now.

By the same token it is too early for consumers to gloat over the discomforture of some OPEC countries. The price reversal is only at the fringes, even if it has been dramatised by Saudi Arabia's bold insistence on holding its reference price at $28 a barrel, well below average levels. And with oil prices rising so rapidly—almost 150 per cent in the past 18 months—it was perhaps inevitable that there would be some overkill.

What is heartening in the present situation is that consumers are at last regaining some of the initiative. Lowering of demand has been an important contributory factor. Non-communist world demand is now running at about 46.5m barrels a day, almost 9 per cent down on the average for last year and between 2m and 2.5m b/d lower than was expected within the industry six months ago.

Conservation

The U.S., often vilified for its oil profligacy, has cut its energy consumption and—of greater significance—reduced its oil imports by 14 per cent on last year. In the UK the consumption of oil products has been 14.5 per cent down on the first half of last year. The same is true of other major oil consuming nations.

Some of this reduced demand can be attributed to the high oil prices and the overall economic recession which they have aggravated. But it is clear that conservation measures are beginning to bite. Irrespective of what happens on the pricing front over the coming months, the West cannot afford to lessen its vigilence when it comes to saving energy.

Why Poland needs help

POLAND'S REPORT to its creditor banks is a mixture of good news and bad news. The improvement of its payments balance with hard currency world is surprisingly strong, but its liabilities in the form of debt service are heavy.

A much better export performance produced a visible surplus with the hard currency world of $101m in January-March of this year, compared with a deficit of $505m in the first quarter of 1979. Moreover, according to the memorandum which Bank Handlowie has submitted to bankers working on a $300m Euroloan for Poland, the second quarter was even better.

Target

These are figures that lend credibility to the target in the official plan for a trade surplus in 1980 to follow upon last year's trade deficit with the hard currency countries of $1.5bn. The achievement deserves all the more praise for having occurred at a time of recession in the West. Whether it can be kept up, especially since there have been floods and a wave of strikes, remains to be seen.

In any case, Poland has a long way to go before its international financial problems are solved. Debt service in 1980 will require $7.2bn—a figure remarkably close to the $7.8bn that the Poles hope to borrow from the capitalist world this year. If they get it—and they are well on the way—that will not be the end of the story. For next year, Bank Handlowie puts the amount needed for debt service at $6.5bn.

Those are figures that a prudent banker will look at with very divided feelings. They imply that the Poles, in effect, want to roll over a substantial portion of their existing hard currency debt of about $19.4bn. The actual amount due in redemptions this year is $5.2bn.

A number of banks already seem to feel that their portfolios contain as much Polish paper as they want. Some prime names are missing from the list of banks to which the Bank Handlowie memorandum is addressed.

In deciding his attitude to Poland, a prudent banker will take into account the consequences, possibly disastrous, of [illegible] evils that might ensue. The prudent banker will also take into account the evident determination of the Gierek regime to put its house in order.

Mr. Gierek came to power in 1970, after popular discontent with the low standard of living had erupted into violence. His regime has had three distinct phases. The first was one of rapid industrialisation: expectations were raised and when they remained unfulfilled, riots broke out again in 1976. During the second phase it became clear that Poland had over-reached itself: a new Prime Minister was appointed early this year and a period of several years of austerity was forecast.

The determination of the authorities can be measured by their refusal to cancel price increases decreed last month — even when they did provoke a series of strikes. The limits to which they think they can go are shown by their agreement to grant wage increases of up to 15 per cent.

But any banker must also look at the world context. Mr. Gierek has proved to be one of the more flexible of Communist leaders. That must have taken some courage with two Soviet tank divisions and one air army stationed within Poland. It certainly appears that the German Government, in talking to its bankers, argued that if Mr. Gierek were to go, his successor would probably be tougher—and not neccessarily a better partner for the Western business world.

Exports

One more factor enters into the calculations. Whatever may be required in the short run, in the long run one cannot go on lending hard currency unless it can eventually be repaid in hard currency. For that to be possible, Poland must not be deprived of the opportunity to expand its exports to the West. Its coal is a great asset in that context. The present outlook for manufacturers is poor, but could quickly alter once the world economic cycle turns up again.

But the Poles, too, must play their part. The Soviet Union, not usually held up as a model of economic efficiency, has complained of sub-standard Polish goods and late deliveries. In commerce with the West that would be fatal.

هكذا من الأصل

Nigeria clears the air after the 'Oilgate scandal'

By MARTIN DICKSON and MARK WEBSTER in Lagos

NIGERIA'S long-running "Oilgate" scandal was "the greatest hoax of all time." That was how a tribunal finally dismissed the affair last week. But for three international oil companies operating in Nigeria its verdict has turned out to be anything but a laughing matter.

Shell, Gulf and Mobil, the biggest operators here, are to surrender millions of barrels of their oil to the state-run Nigerian National Petroleum Corporation (NNPC) over the next few years. They might have to hand over as much as 80m barrels. With the profit margin set by the Government at 80 cents a barrel, this could mean a combined loss of $64m in 1980 terms.

The move against the oil companies, reviving memories of the nationalisation of BP's Nigerian interests in August last year, has undoubtedly sent shivers down several corporate spines. But the way in which the affair has been handled bears all the hallmarks of President Shehu Shagari's 10-month-old civilian government—slow-moving, thoughtful and moderate. This is in marked contrast to the style of the previous military administration which seems truly to have retired to barracks.

The tribunal's ruling that the oil companies surrender crude certainly stunned the industry; but there has been every indication that President Shagri's Government, faced with the recommendations of the indenendent tribunal, was seriously embarrassed by its conclusions and has done its best to minimise the damage.

Having wooed foreign investment, the Shagari's Government was anxious about its image abroad and about Nigeria's relations with the vital oil sector which have blown hot and cold for many years. But at the same time, the president has limited room for manoeuvre while his political opponents are ready to make political capital out of the affair.

The upshot is that while the oil companies are annoyed about the tribunal's recommendation, there have also been sighs of relief. The report, and the Government White Paper based on it, were more balanced than had been feared. They gave the lie to rumours which had been circulating in Lagos that the majors would be pilloried.

Just how the rumours originated is unclear since the main focus of the tribunal's investigations—and indeed of its final report—was the workings of the NNPC and the story which started the whole affair—allegations that Naira 2.8bn (£2.2bn) in oil revenue was missing from the NNPC's accounts.

The "scandal that never was" began last September with a screaming headline in a Nigerian newspaper, declaring that the oil money was missing. The story was based on a false interpretation of a draft auditor's report, prepared by Coopers and Lybrand, which merely said that more work would have to be done on the NNPC's accounts before figures provided by the accounting and marketing departments could be reconciled.

Although the newspaper quickly retracted its allegation, the story refused to die. Corruption is endemic in Nigeria and the man in the street is only too ready to believe that his leaders are enriching themselves in an unorthodox way. Within reason, peculation is even condoned.

Moreover, ample political capital could be made out of the rumour by newly-elected parliamentarians anxious to make their mark. One politician from Lagos State cynically remarked to the tribunal that his empty threat to "name Oilgate names" was simply "a matter of politics and that in the game of politics anything goes and there are no holds barred."

The oil majors are annoyed, but they were not pilloried

Against this background, President Shehu Shagari stepped in. Concerned to maintain the stability of his administration, which took office last October after 14 years of military rule, he appointed an independent tribunal, headed by a Supreme Court judge, and gave it a wide investigative brief.

Successive witnesses rapidly demolished allegations of N2.8bn being missing but produced damning evidence about the organisation of the NNPC.

The tribunal's final report attacked the corportation for a "glaring absence" of qualified staff, an accounts department in a "shambles" and "serious friction" between the chief executive and his board. However, the tribunal acknowledged that much of the trouble stemmed from the oil boom, which had strained the NNPC's reserves of skilled manpower—a problem common to most of Nigerian industry.

The tribunal recommended sweeping reforms of the NNPC—many of which already formed part of Government policy. The additional impetus given to a shake-up of the corporation—which plays a central role in the industry—may turn out to be one of the most positive results of the whole investigation.

The tribunal's surprise recommendations about the international oil companies stemmed from their relationship with the NNPC: as partner in a joint venture with each of the multinationals, the NNPC is entitled to a proportion of their production equal to its equity stake—currently 80 per cent in the case of Shell and 60 per cent in the case of Gulf and Mobil.

During periods of oil glut between 1975 and 1978 the NNPC did not produce the whole of its planned entitlement while its international partners produced theirs, thus significantly departing from the equity proportions.

The tribunal ruled that the corporation had notionally been unable to sell nearly 183m barrels to which it was "entitled" and argued that this amount should be "recovered" from Shell, Mobil and Gulf.

But the Government, conscious of its future relations with the oil companies, has watered this down in its White Paper. Calculations of the oil to be surrendered will be based on the actual level of production—which works out at about 80m barrels—and not on the planned level of production from which the tribunal derived its figure of 183m barrels.

The rate at which the oil will be handed over has yet to be decided. Nigeria's current rate of production is 2.2m b/d of which Shell is entitled to about 240,000 barrels, Gulf to 147,000 and Mobil to some 84,000 b/d. In addition, they buy back crude from the NNPC.

Whatever the handover timetable, the oil companies are unhappy about many aspects of the affair. The move is retroactive and totally at variance with their (unsigned) agreements with the NNPC. They were not invited to explain this aspect of their operations when they appeared before the tribunal. Their high level of offtake during the glut years benefited Nigeria's then impecunious Treasury. And last, but by no means least, the oil companies fear the tribunal's findings might bet falsely interpreted to suggest they had been cheating the country.

Why the tribunal found against the companies remains a mystery

It remains a mystery why and how the tribunal found against the companies. Conspiracy theorists might suggest it was an attempt to find a scapegoat but this is contradicted by the moderate tone of both the tribunal report and government response.

The very nature of the oil companies' relationship with Nigeria makes them a natural target of suspicion among this touchy and xenophobic people. Nigerians are concerned that so much of the vital oil sector, which accounts for 85 per cent of foreign exchange earnings, is operated by foreign concerns—even though these are staffed overwhelmingly by Nigerians.

Perhaps the most likely explanation is that the tribunal—none of whose members were familiar with the operations of the oil industry—simply took an idiosyncratic view of joint-venture agreements. The Government, burdened with this verdict, could do little to alter it.

The affair will doubtless reinforce outsiders' already cautious approach to investment in Nigeria, but for most companies the repercussions of Oilgate will stop there. Nigeria's proven oil reserves have a life of more than 20 years and there are plenty who believe the rewards are worth the risks.

Nigeria is Britain's largest export market outside the European Community and North America. However, fresh foreign investments came to a virtual halt in 1976 when the military government toughened is "indigenisation" policy, to the point where foreign companies were allowed to retain only minority interests in enterprises in most sectors.

The new civilian government has already made a few fiscal moves to stimulate a resurgence of foreign investment. Moreover, ministers have been making speeches recently reassuring foreigners that the indigenisation measures will not discriminate against them.

Nigeria is emerging from two years of depressed economic conditions brought on by Government austerity measures to stem an outflow of foreign reserves. Expatriate businessmen are all expecting—and in some cases, already beginning to enjoy—a significant improvement in trading conditions as an expansive federal budget and big wage increases work their way through the economy.

For its part, the Government clearly hopes that the inquiry has buried Oilgate, allowing it to devote more time to the teething problems of operating the country's new, U.S.-style constitution and to maintaining economic balance in a fast-developing nation which has known both over-heated boom and dramatic slump during the past five years.

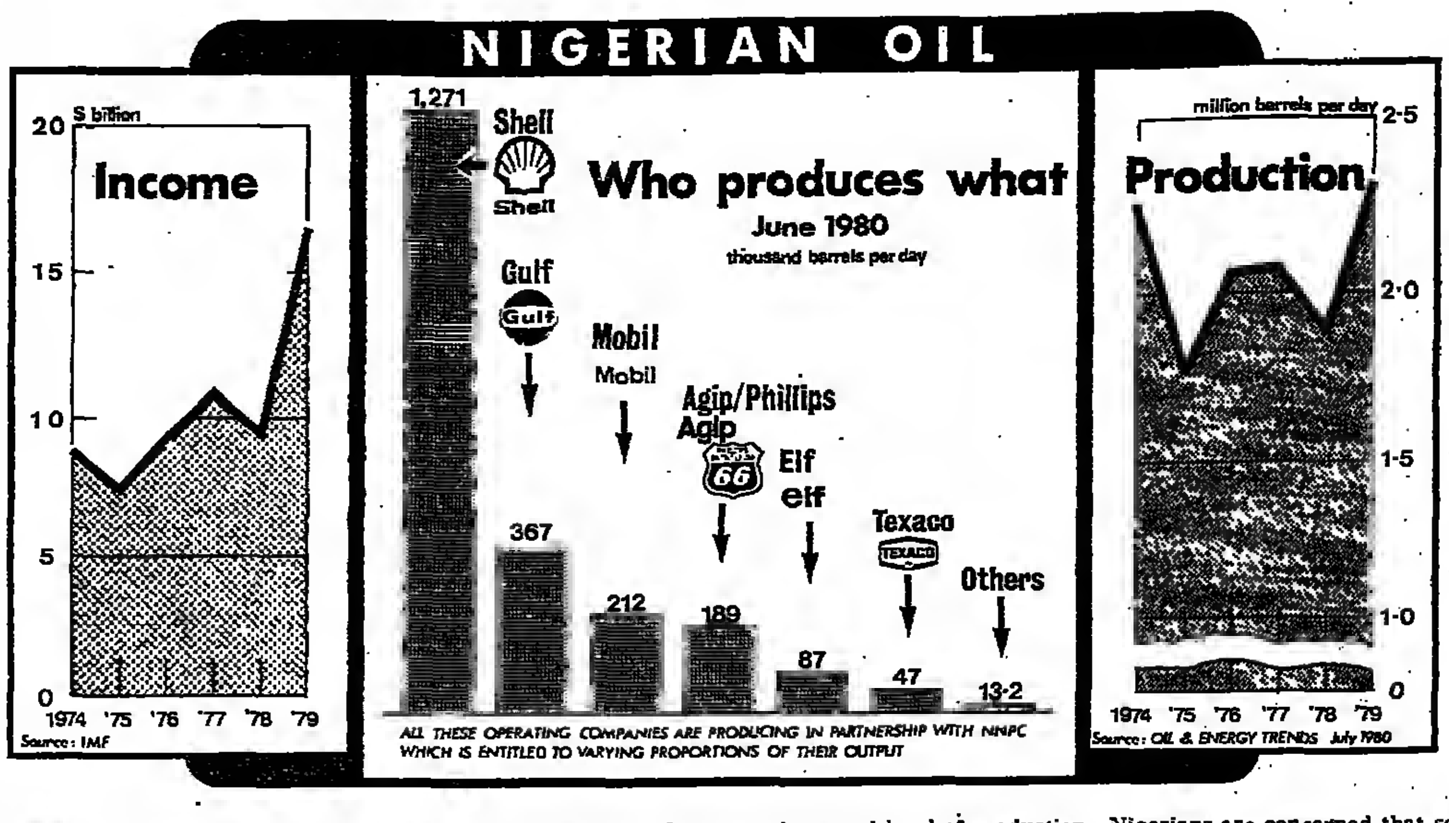
Unfamiliarity with the new constitution has slowed the pace of legislation to the extent that no major new Bills have been passed since the Government assumed office.

Corruption is endemic in Nigeria. Peculation is even condoned.

Old problems have been revived, such as the relationship between Nigeria's 19 states and the Federal Government. The next major political challenge for President Shagari is likely to be the publication of a commission's report on how to divide the country's oil wealth between the states—long a contentious issue.

Whether or not Oilgate dies political muck-raking most certainly will not. Only two days after publication of the tribunal's report, a virulently anti-Government newspaper claimed to have uncovered yet another oil scandal.

"General in oil deal," screamed the headline. "N20m in his pocket." There are no holds barred in Nigerian politics.



President Alhaji Shehu Shagari of Nigeria is a devout Moslem, aged 55. A former Governor of the World Bank and the IMF, he has also served as chairman of the French automobile group Peugeot in Nigeria.

MEN AND MATTERS

Nevermore on Sundays?

The penny has dropped. American oil giant Atlantic Richfield will close the Observer if a last-minute pay settlement is not reached with its 35 rebellious machine managers, and the seismic readings from Arco's Los Angeles headquarters are that not even the name would be up for sale.

"The paper is not for sale. No one would want the paper under the terms we would sell it," is how Arco president Thornton Bradshaw brushed aside Fleet Street's cynical refusal to believe that the Observer would close. "We don't want to see it turned into a vehicle for going down-market."

Salting the wound, Bradshaw maintains that "they have probably never heard of sending out dismissal notices to the whole staff—the custom in Fleet Street is to bend."

While his concern for the welfare of the British reading public is laudable, sale or no sale the demise of the Observer would have a marked impact

One company watching the proceedings with far-from-disinterested eyes is Associated Newspapers, which has nurtured plans for its own Sunday paper since 1978, and has appointed ex-News of the World editor Bernard Shrimsley as editor-designate. Associated has its own printing capacity tied up in a contract to print the Sunday People.

While Associated's interests might extend to the printing plant, it is unlikely to be interested in The Observer as a going concern. Associated wants to build up its progeny by its own lights, though the demise of a quality Sunday with an established audience might cause a rethink about the pitching of what is loosely referred to as the Sunday Mail.

Meanwhile, in the gloom of the editorial floors at St. Andrew's Hill, the night of the living dead wears on. "We have to keep up a willing suspension of disbelief," says one of my confrères, "and a sense of false end—that the cul-de-sac could turn into a sliproad." But morale is fragile. "By the end of August," he predicts, "it will collapse."

A curious twist to the story is provided by reports of a heated exchange in Washington on May 30, when Sir Keith Joseph, Industry Secretary, was addressing a seminar on UK economic problems organised by the Centre for Strategic and International Studies at Georgetown University.

Sir Keith, I am told, was discussing the reformation of British industry, and referred to the newspaper business, saying that the willingness with which new owners, some of them foreign, stepped into the Fleet Street breach was of no help to Fleet Street.

He was rounded upon by Prof. Douglass Cater, vice-chairman of The Observer and a powerful Arco voice in Aspen, who said Arco was not seeking to perpetuate bad work practices but to perpetuate a great newspaper.

Sir Keith relented, so my informant says. Seven days later on June 6, George Jerrom, national officer of the NGA, claimed Arco had threatened to close.

"Peter Masefield didn't waste much time!"

Katz and Corgis

It is rare indeed to meet a jolly toymaker, but Peter Katz, MD, of Mettoy, fits that description. I found him lunching on a peach, and happy to explain why Mettoy, of Corgi fame, is preparing to fight the frosts of the recession with all the tinsel of a £300,000 pre-Christmas TV campaign.

There is little to cheer about in Toytown. Toys outnumber children. A strong pound, high interest rates, frantic de-stocking and hand-to-mouth ordering by the trade have cast a pall from which Mettoy (pre-tax profit last year—£723,000 on sales of £32.5m) has not escaped.

Yet bowed it isn't. With a banging of tin drums, it yesterday joined that high fashion set: the coterie of UK manufacturers that has publicly declared it will not be intimidated by the recession—at least to the extent that it will not slash marketing budgets.

Whatever its troubles, Toytown is big. Worth more than £600m it is three times the size of the record and tape market, say, or six times that of sports equipment. "Even in slump," says Mettoy, "children will be getting toys come December 25."

Television advertising, it says, is "terrifyingly expensive." To reach effectively 1,000 children, an advertiser must spend £80. To reach the majority: £200,000. It has filmed a "unique two-minute toy TV spectacular" featuring electronic Corgi toys such as Truckertronic Convoy, Lightning Luke (a light-sensor gun fired at a mean-looking cowboy who yodels horribly) and Frisco Disco, a noisy box of tricks that should be played only in padded cells. Roll on, Easter.

Mushrooming

"No praying: it spoils business," was the dictum of playwright Thomas Otway. I feel a similar sentiment might appropriately be applied to Dafal, a Hastings firm which offers "nuclear shelters de luxe" to a nervous public. Dafal opened its order books at the beginning of this month, and has already received inquiries totalling "millions of pounds"— owner and managing director Graham Rattenbury tells me.

For those seeking something more substantial than prayer as as a back-up for the apocalypse, Dafal will supply a basic four-person underground shelter for around £10,000. It comes, stresses Rattenbury, built to Swiss government specifications, and designed by consulting engineers Mott Hay and Anderson.

Rattenbury's track record in the construction industry dates back to his days as a founder of pre-cast concrete maker Atcost, through which he met up with MHA when the engineers were shopping for bits and pieces for the ill-fated channel tunnel. Since selling out his Atcost stake to property developer Ronnie Lyons in 1972, he has been building up a property portfolio and perfecting the fire-star holocaust-borne.

Dafal is profoundly suspicious of its competition in the shelter market. Rattenbury tells me that, according to feedback from his own equipment suppliers, 80 per cent of shelters on offer come from "cowboy" firms. They are, he says, "rubbish."

Grim, it may be—but definitely profitable. Rattenbury has already been called in to measure up a corporate shelter for 150 people, and offers the smaller-scale buyer the reassurance that mortgages for shelters are an acceptable proposition at any major building society.

Record

From a Wiltshire school magazine: "At mid-day, with the Old Boys' score standing at 142 for five, a halt was called for drinks, Watson having 58 and Brown 42."

Observer

AMERICA'S SEARCH FOR NEW USES FOR MAN-MADE FIBRES

BY RHYS DAVID, TEXTILES CORRESPONDENT

Bullet-proof vests, tyres and anchor cables . . .

MORE THAN 100 American policemen owe their lives to the man-made fibre industry, or so claims Du Pont, the world's biggest fibre producer which makes the special bullet proof fabric now used by forces throughout the U.S.

The same tough, lightweight fibre is helping the Lockheed TriStar to achieve its low fuel consumption: it is being used in the aircraft's inner skin panels, and before the end of the present decade it may well be replacing some motor vehicle body panels. Also a new nylon, which is expected to stand up to the battering received on air journeys much more successfully than conventional plastics, is now finding its way into soft-sided luggage.

In short, when executives in the U.S. fibre industry—which was responsible for roughly 29 per cent of world output last year—enthuse over their products these days they do not have their traditional customers in the textile industry uppermost in their thoughts. The chemical parent companies have been forced to look much more widely for specialised markets for their fibres and at the same time to ensure that the three principal fibres — polyester, nylon and acrylic— are themselves aimed at the markets for which they are best suited and do not end up competing wastefully against each other.

Despite a record 47 per cent jump in fibre exports last year and a 25 per cent fall in imports, and in spite of strong demand from the industry's textile customers, the chemical groups have all been failing to make the returns hoped for from fibre operations. Last year, of the five biggest U.S. fibre companies Du Pont increased earnings only 5 per cent on sales up 20 per cent. Celanese, Allied Chemical and Akzona all reported fibre earnings' declines, and the Celanese polyester and nylon subsidiary Fibre Industries Inc. (FII)—35 per cent owned by ICI of Britain—was a loss maker.

The biggest problem, however, was at Monsanto where the deficit last year—the fifth in a row—climbed to $169m. This included a $77m loss incurred in connection with the closure of nylon operations in the UK and Germany. So far this year fibre industry earnings have again been poor, with Monsanto losing a further $71m in the first half. The parent group's new president, Mr. Richard J. Mahoney, gave a hint of possible strong action to come. He told shareholders that turning around the loss-making fibre business was the chemical company's biggest challenge.

The principal reason for the sector's poor performance, and for the continuing problems in the first quarter of 1980, has been the difficulty experienced by the industry in raising its prices to meet higher costs for raw materials most of which are oil-based. According to figures from Celanese, selling prices rose during the last year on average by 14.3 per cent but raw materials were up 54 per cent.

With the U.S. recession, demand for fibres has been edging down

Over recent months, as the effects of the U.S. recession have begun to work their way through, demand for fibres has been edging down forcing a number of producers to announce production cutbacks and making it even more difficult to keep prices in line with inflation. Exports have grown much more modestly this year than in 1979 when big increases were recorded in shipments to the UK and other important markets in Europe and Asia.

The main problem, however, for all the major producers, and for Monsanto in particular, has been the serious weakness of polyester filament (PF) where the usage of capacity—already much lower than for other fibres —is now expected to fall away further, putting yet more pressure on already low prices. A major focus for investment in the early 1970s because of its inherent low production costs, PF has failed to grow at the rate predicted by the fibre producers.

The fibre—which has proved an equally costly disappointment for producers in Europe —came on stream in large quantities just at the time when public taste was swinging away from knitted fabric, the material for which it was primarily intended. In particular, it has failed to make the breakthrough anticipated in menswear where a strong preference has been maintained for spun yarn fabrics such as denim and corduroy.

In America where the three biggest producers—Du Pont, Celanese (through FII) and Monsanto—account for more than 70 per cent of all textile PF sales, the position is further complicated by the role of the texturiser, the downstream processors who add textile characteristics to man-made yarns. Dr. Anantha Raman, of First Boston Bank, New York, points out that the texturisers have been seeking to improve the economics of their own operations and have exerted very strong pressure on the fibre producers to come up with yarns which can be texturised at ever higher speeds. Du Pont, which has an annual fibre research budget in excess of $100m has been able to meet customer requirements, but Monsanto (and to a lesser extent Celanese) have both had difficulty in meeting the exacting quality standards required of yarns that are going to run through machines in some cases at more than 700 metres a minute.

Quality improvement in this area is the main focus of Monsanto's current technical effort and carries with it the main responsibility of turning the group's fibre operations around. Progress last year was not as great as had been hoped, but senior company officials are claiming that they will have yarns which by the end of the year will operate at the speed levels now demanded. Among the smaller producers Akzona has also recently announced major spending on improving its PF qualities, and there have been withdrawals from the market by a number of less significant producers and texturisers.

Monsanto, which is the only producer competing with Du Pont, the industry leader, in all three major fibres—polyester, nylon and acrylic—has also been shouldering an additional burden in its fibre operations. The company embarked on a major expansion of the fibre and plastic raw material, Acrylonitrile, in the early 1970s, including a big new facility in Britain at Seal Sands, on Teeside. In the event the big new markets which Monsanto was hoping would be created for Acrylonitrile through increased sales of nylon and acrylic yarns in Europe and the development of acrylic bottles failed to materialise. The company was, therefore, obliged to ship back large quantities of high-cost Acrylonitrile producers for use as raw material in its U.S. nylon operations. This has given it a much less favourable cost base than other U.S. nylon producers able to use cheap U.S. natural gas feedstock.

The industry's response to the weakness of the fibre market has been to try to create more distinctive products, and it is to these it will be looking as a means of generating better profits in the 1980s. Several producers were quick to see the possibilities in the growth in America and world wide in sports activities, and with their customers in the apparel industry have come up with new garments for tennis, cycling, jogging, gymnastics and other new pursuits. Important new markets have been created for nylon, polyester and acrylic, and for stretch fibres such as Du Pont's Lycra which have been able to make the jump from women's foundationwear to track suits.

Replacement of the natural fibres cotton and wool, both of which lost further market share in the U.S. last year, also remains a major objective. According to Monsanto, polyester filament could grow at the expense of cotton in household furnishings — curtains, bedcovers and the like—and acrylic could take a bigger share, at wool's expense of a sweater market boosted by higher gas and oil heating bills. Du Pont remains confident, too, of building on the foothold it has achieved in one of cotton's most impregnable markets — jeans. Some polyester already goes into boys' denim and into corduroy to give better wear. Jeans companies are still finding it difficult, however, to sell blended poly-cotton denim to adults even though it can be made to fade like the all-cotton product. In shirts and sheets, according to the fibre producers, the trend over the next 10 years is likely to be towards higher blends of polyester with cotton, with cotton cut back to a proportion of 20 per cent in many products instead of 33 per cent.

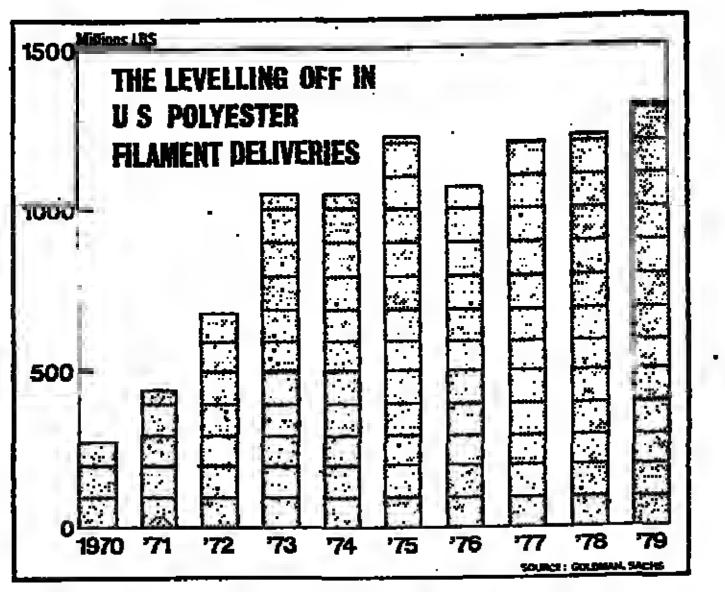
Brake linings and abrasion-resistant gear for motor cyclists

Highly specialised types of fibre are also likely to become important for profits. Du Pont for example has recently announced plans to triple the capacity to 45m pounds (lbs) of Kevlar, the nylon type fibre used in policemen's bullet proof vests. Kevlar which has a very high strength to weight ratio could also be used Du Pont states to make lightweight but abrasion-resistant protective gear for motor cyclists and other research is being carried out to see if it can replace asbestos in brake linings. It is already used in anchor cables on drilling rigs and its development has led to a frantic search by other fibre groups for a similar product.

"Every fibre company with a research department has to be looking for its own Kevlar," Mr. Richard Smith, President of F.I.I. admits. Kevlar is also being used in tyres, and as a replacement for fibreglass. Another new Du Pont fibre, Nomex, has been developed for markets requiring fire resistant fabrics, and all three big fibre producers are offering civil engineering fabrics which can be used on temporary or permanent roadways to hold aggregates together while still allowing drainage to take place.

Much of the research effort is still concentrated, however, on finding a satisfactory solution to the PF problem, enabling it to find much wider consumer acceptance. The industry is still trying to develop yarns with the spun-like quality wanted by retail buyers and their customers, and various experimental fabrics incorporating a mixture of filament and spun yarns continue to be tried. Virtually the only new capacity installed in the U.S. in recent years, a 100m lbs Du Pont plant at Cooper River in South Carolina, is directed towards fine denier speciality PF yarns.

At the same time rationalisation within the industry is continuing with some marginal producers quitting fibres, and with others choosing to concentrate their efforts across a narrower field where they stand a better chance of being able to mount an effective challenge to Du Pont. Allied Chemical has remained mainly a producer of nylon for carpets, and Celanese, a big producer of the older cellulosic fibres, has concentrated mainly on polyester in the synthetic field and in particular on industrial markets such as tyres. Monsanto is seeking to avoid a head-on confrontation with Du Pont in the carpet fibre market by investing mainly in nylon staple and not filament, Du Pont's area of strength.



Internationally, too, the big U.S. groups are seeking to specialise. In the past two years Du Pont has pulled out of European acrylic (where is was smaller than Courtaulds, Bayer or Monsanto) and Monsanto has pulled out of European nylon. The big U.S. groups are expecting the main growth in demand for their products to come from the growing centres of textile production in the Far East and South America, and these are likely to be the most important areas for investment. Celanese, for example, is already a major fibre producer in Brazil and Mexico. Investment in Europe will continue but is likely to be mainly to update older equipment, with demand for the specialities now being developed being supplied from U.S. plants.

The U.S. recession has put further pressure on the fibre industry and will make it even more difficult for some producers to comply with the first rule of the game—staying the pace alongside Du Pont. The industry, though less profitable than the chemical parent groups might hope, nevertheless has a number of positive advantages on its side. Its scale, with average plants at least twice as large as those anywhere else, its access to cheap oil and gas, for some time to come, and its links with a fast-growing domestic American textile sector, all suggest it is better positioned than its rivals in Europe to take advantage of the growth in world textile markets in the 1980s.

Letters to the Editor

Labour costs

From the Economic Director, Confederation of British Industry

Sir,—I am concerned to learn that Whitehall sources are now suggesting that industrialists are exaggerating the deterioration in Britain's competitive position, vis-a-vis her international trading competitors, by making comparisons with periods when sterling had fallen to a particularly low level (August 4).

Our latest staff estimates for UK unit labour costs in manufacturing relative to our main competitors suggest that the average level in the second quarter of 1980 was around 50 per cent higher than the average of 1975. This implies a deterioration of some 70 per cent since the fourth quarter of 1976 when our unit labour costs were at their most competitive in recent years. This measure shows a different path for competitiveness to those published by the IMF and the Treasury. The differences reflect our use of actual, rather than cyclically adjusted, productivity growth as well as alternative weights.

We use 1975 as a base for two reasons: it is the base year for many official series and unit labour cost competitiveness in 1975 was almost exactly in line with its average for the 1970s. The comparison with end-1976 is also relevant because one of the factors which many industrialists argue as important in influencing the degree of pressure on them at present is not just the level of competitiveness in comparison with some period in the distant past but also the speed with which competitiveness has changed in the last three-and-a-half years.

According to our calculations an index for unit labour cost competitiveness similar to that used in the Treasury and based at 100 in 1975 averaged 115 (i.e. 15 per cent worse) in the 1960s and 99 in the 1970s, with peaks of uncompetitiveness of 125 in early 1966 and 110 in mid-1972. We estimate that using such an index would have given a level of competitiveness in the second quarter of 1980 of between 135 and 140, with the current position even worse. Thus whichever figures are used, the current position looks to be significantly worse than at any time in the 1960s and very much worse than in the 1970s.

D. R. Glynn.
CBI,
Centre Point,
103, New Oxford Street, WC1.

Glorious Twelfths

From Mr. M. O'Riordan.

Sir, — In reading the article (August 9) on the Glorious Twelfth and how Lord Westbury of the Ritz will be served the ultimate in fast grouse for lunch on the same day, I was reminded of my part in a similar experiment in supplying a fast brace of grouse for a New York table 42 years ago from Co. Limerick.

Imperial Airways was carrying out a feasibility study with flying boats across the Atlantic from Foynes in the Shannon Estuary in 1937-38. I was a member of a grouse shoot party on the "Twelfth" 1938 at a small grouse moor near the village of Loughill, west of Foynes. We decided that we would despatch the first brace of birds shot to Foynes as early as possible for the next flying boat to America.

The first brace were shot at about 5.30 am, sent by pony and trap to the main road, then by motor-car to Foynes. I believe that they were given to a Capt. Wilcoesin to be taken across in the aircraft.

I understand that they were eventually delivered in New York, the time taken I cannot recollect, but certainly it must have been a record in those days, but not as fast as his lordship's birds. I can say, however, that they were cheaper.

The pony and trap was free, petrol about two bob a gallon, cartridges pence a piece, and the shooting as free as the air we breathed.

Those indeed were Glorious Twelfths.

Maurice O'Riordan.
Dolphin Cottage,
20, Bridgefoot Path, Emsworth, Hants.

The smallest room

From Mr. G. Harris

Sir,—With his flair for predigesting complex technology and regurgitating assimilable summaries which are, at least in my own specialist field, intelligent and accurate, I have always considered David Fishlock to be a giant among technical reporters.

How sad therefore to visualise such a giant confined to his "average sitting room" of 10,000 litres (the Windscale B 701 radio-active leak—August 1—almost exactly a 7 feet cube. Or is his "sitting room" the "smallest room"?

Geoffrey T. Harris.
35, La Turlurette,
58160 Imphy, France.

Insider dealing

From Mr. L. Okun.

Sir, — Mr. E. Bateman (August 18) asks "If insider dealing is wrong, how could it ever be right for a company to deal in its own shares?"

"Insider dealing" refers to one or more persons trading in the shares of a company of which they have "inside" information which is not generally available to shareholders of that company and which gives them an unfair advantage compared with other shareholders.

Quite respectable companies in the U.S. buy their own shares in the market, on occasion, possibly to provide incentive scheme shares without diluting the shareholders' equity, but whatever the purposes, any benefit accrues to the company and hence to all its shareholders alike. Which is just the opposite of "insider dealing."

Lionel Okun.
c/o Sack and Bag Industries,
Peel Grove, Bethnal Green, E2.

Own-share buying

From the Vice-President Simmons and Co. International

Sir,—Mr. Fraser "Own-Share Buying" (August 6) is right to criticise the narrow legalistic approach adopted by Professor Gower in the recent Green Paper. The considerable economic arguments in favour of this long overdue reform of Company law are well stated by Mr. Fraser and seem to have been completely overlooked in the green paper.

Although in theory there are many opportunities for abuse, as the American experience shows adequate and timely disclosure by public companies as to their intentions coupled with proper enforcement eliminates most of them and the system works extremely well.

It may be that enforcement of new legislation in this area will need a greater degree of diligence by the Department of Trade and the City's own self-regulatory mechanisms than they have been accustomed to showing but that is not an argument for delaying this long overdue reform.

Anthony W. Henfrey.
1800, South Tower,
Pennzoil Place,
Houston, Texas 77002.

Water rate increases

From the Secretary,
Reading Ratepayers' Association

Sir,—There is an answer to the heartfelt cry from Mr. V. J. Wilmoth (August 7), "Can nothing be done to curb the absolutely monstrous behaviour of the water authorities?" and it lies in his own hands and in those of all of us.

Because the members of water authorities are not directly elected by ratepayers, their accountability to those who finance the authorities' activities is remote to the extent of being completely ineffective. The Department of Environment, which appoints some of them, and the local authorities, who appoint the rest, are entirely to blame for being weak and irresponsible in not ensuring far stricter control of the water authorities' management.

Angry water ratepayers like Mr. Wilmoth can add to the protestations already being voiced to the Government about this situation by making representations to their MPs and local councillors.

P. A. H. Baily.
15, Peppard Road,
Caversham, Reading.

Virtue in small businesses

From Mr. B. Nicholson.

Sir,—Dr. David Storey's comments on small businesses and regional policy (Journey Round England, August 7) are misconceived. They provide no basis for an alternative policy to tackle unemployment in the assisted areas or elsewhere.

Fifty years of regional policy may have contributed to the narrowing of differences between rates of unemployment in Britain, but have almost certainly weakened the occupational structure of problem areas and reduced their capacity to generate indigenous growth. A policy that until 1972 was confined to encouraging (predominantly branch) plant relocations to assisted areas could hardly improve the local entrepreneurial environment. Not only were these new plants less integrated with the local economy in terms of supplies and markets but the managerial functions carried out at them were limited. The resulting employment and occupation structure is not conducive to the formation of either fast-growing new technology business (for which wide managerial skills are required), or stagnant craftsmen-founded firms (which depend on the high level of technical skills of their employees).

One can therefore agree with Dr. Storey that neither traditional regional policy nor a national policy to promote small business can solve the unemployment problem of the North East in the short term. Equally, the prescription cannot be more of the same policies.

Given the existing economic and social structures of Britain, Dr. Storey has probably understated the regional imbalancing effect of a policy relying solely on small firms to generate jobs. Not only are there structural reasons to suspect a potentially higher birth rate in "the small market towns of the south" but the entrepreneurial characteristics associated with growing companies are proportionately greater there.

These growing businesses create new jobs, products and markets and would allow the British economy to adapt to the changing circumstances of the 1980s. The Government should not have a small firms policy but an economic policy that seeks to make the birth and growth of enterprises easier and efficient. The 1980 Finance Act achieves this in several ways, all of which target new and growing businesses rather than simply small firms. There is no inherent economic virtue in smallness but, as the Secretary of State for Trade made clear in a recent policy statement, "if economic progress involves a process of natural selection among alternatives it is important that there should be enough alternatives." Britain needs more small firms to provide alternatives to consumers and employees and to increase the potential pool from which the relatively small number of successful businesses arise.

In the short term, however, more must be done to improve the social, economic and managerial infrastructure of the assisted areas if regional imbalances are to be reduced, and this is surely an important political objective as David Steel has suggested. But more is being done and a range of policy options that integrate small firms and regional policy has been presented by H. J. Ewera and R. W. Wettmann. This represents a more constructive approach to Britain's economic and political problems and is more worthy of widespread consideration than the pessimistic and debunking stance adopted by Dr. Storey. His research may well question the assumption that the future of the country depends on small businesses — but from where comes that assumption? Research should contribute to the substantial policy issues of the day and not waste time tilting at straw men.

B. Nicholson.
38, Thornash Road,
Woking, Surrey.

Today's Events

GENERAL

UK: Mr. James Prior, Employment Secretary, gives evidence at Employment Committee inquiry into the Legal Immunities of Trade Unions and other related matters, Committee Room 8, 11 am, House of Commons.

British Leyland shop stewards meet, Birmingham.

Commission for Racial Equality statement on an investigation into a South London estate agent.

Computer Graphics Exhibition opens, Metropole Hotel, Brighton, (until August 15).

Edinburgh Military Tattoo opens at the Castle (until September 6).

National Theatre: First night of "Galileo" by Berthold Brecht (Howard Brenton's translation), directed by John Dexter, Olivier Auditorium, South Bank, London, 6.0 pm.

Civil Service Art Club Exhibition opens, in the Crypt of the Banqueting House, Whitehall (until August 27).

Ideal Home and Trades Exhibition opens, Bury (until (until August 17).

Short talk and demonstration by Jonathan Rennert of the organ at St. Michael's Cornhill, 4.00 pm.

Overseas: U.S. Democratic Party convention continues, Madison Square Gardens, New York.

COMPANY MEETINGS

Chubb, Hyde Park Hotel, Knightsbridge, SW. 12. ERF, Crewe Arms Hotel, Crewe, 3. LCP, Pensnett Trading Centre, Brierley Hill, West Midlands, 12. Mercury Securities, 30 Gresham Street, EC, 12. Victoria Carpets, Green Street, Kidderminster, 3.

COMPANY RESULTS

Final dividends: Imry Property Holdings. Joseph Webb. Interim dividends: Bridgewater Estates. Britannic Assurance. Carrington Viyella. Dreamland Electrical Appliances. General Accident Fire and Life Assurance Corporation. Horizon Travel. Securicor Group. Security Services. F. W. Woolworth.

SPORT

Cricket: Gillette Cup semi-finals—Surrey v Yorkshire, at the Oval; Sussex v Middlesex, at Hove.

Golf: British Boys' Championship, Formby, Lancs. English Women's Under-23 Championships, Porters Park.

Bowls: English National Championships (Women), Leamington Spa.

LUNCHTIME MUSIC, London

Metropolitan Police Band concert, Finsbury Circus Gardens, EC2, 12.00 pm.

Recital by Barbara Leighton Trio, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Organ recital by Robert Crowley, St. Bride's, Fleet Street.

UK COMPANY NEWS

Unilever ahead 4% at midway

SECOND QUARTER profits of Unilever, international trading group, improved from £177m to £179.3m and lifted the first half 1980 taxable surplus to £317.5m, compared with £306.4m, a rise of 4 per cent.

Third party sales totalled £5.55bn against £5bn—£2.87bn (£2.57bn) in the second three months—and were split as to Unilever Limited £2.2bn (£2bn), and Unilever NV £3.36bn (£3bn).

Second quarter operating profits in Europe were lower and generally adverse economic conditions caused results of almost all product groups to be below those of the corresponding period in 1979.

The edible fats business, and particularly its oil milling division, recovered from previously depressed results, the directors state, but the poor weather seriously affected ice cream sales.

HIGHLIGHTS

Lex looks at the half-time results from Unilever which show second-quarter profits up by 1 per cent pre-tax; which is not bad going, bearing in mind a fall in European profits of 10 per cent. Letraset's full-year figures show a rise in profits from £10½m to just over £12m, due entirely to growth by the established graphics division. Stanley Gibbons has proved unsatisfactory. The half-time results from Commercial Union are examined and Lex finally considers recent Japanese share placements.

Results, for the second three months, of U.S. operations were well ahead, although Lever Brothers continued in loss.

The other overseas countries again showed gains in volume and operating profits, the directors say, and UAC International's profits were higher.

Group profit for the whole of 1979 was £606.6m from sales totalling £10.25bn.

First-half pre-tax profits included associates share of £24.7m against £24.1m and was struck after increased interest of £34m compared with £21.5m.

Tax for the six months took £155.7m (£151m) and after minorities and preference dividends, totalling £13m (£12m), the attributable balance was £148.8m (£143.4m), at exchange rates ruling on December 31, 1979—figure for 1980 was £7m lower using rates of exchange as at June 30, 1980, and was split as to Unilever Limited £72.1m (£67.3m) and £69.7m (£76.1m) for NV.

The directors say the continuing strength of sterling against most other currencies depressed attributable profits expressed in sterling.

Earnings per 25p share are shown as 38.17p compared with 38.61p for the half year.

	Half-year 1980 £m	1979 £m
Third party sales	5,553.0	4,998.0
Limited	2,195.0	1,595.0
NV	3,358.0	3,003.0
Operating profit	328.1	303.4
Associates' share	24.7	24.1
Trade invs. income	0.7	0.4
Interest	34.0	21.5
Pre-tax profit	317.5	306.4
Tax	155.7	151.0
Minorities, pref. divs.	13.0	12.0
Exchange loss	7.0	—
Attributable	141.8	142.4
Limited	72.1	67.3
NV	69.7	75.1

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£179,000 loss at Abwood Machine

WITH turnover showing little change at £1.25m against £1.29m, Abwood Machine Tools reports a loss of £178,625 for the year to March 31, 1980, compared with a pre-tax profit of £75,009 for the previous 12 months.

At the interim stage, when a turnround from a profit of £35,232 to a loss of £39,000 was reported, the directors said the deficit was due to the effects of the engineering strike in August and September and other factors associated with sales and administration.

Mr. G. J. *Suckling*, chairman, now says that following his appointment as an executive director in March, he instigated an internal investigation as result of which serious deficiencies in the company's accounting system have come to light.

These deficiencies appear to have existed for sevral years but are such that it is not possible to be accurate as to the amount attributable to previous years, although it is likely to be a major proportion of the loss shown in these figures. "I am now satisfied that these deficiencies in the system have been remedied. However, I must mention that there may be other contingent liabilities as yet unquantified of the company which the Board is actively investigating," says Mr. Suckling.

The company's freehold has been revalued which provides a surplus of £130,000 which will be included in the accounts.

The company is not immune from the general depressed level of industrial activity and Mr. Suckling says he sees no likelihood of improvements until present interest rates come down.

In view of the results, no dividend is recommended.

There was a tax credit this time of £48,821 (£40,000 charge)

Graphics division growth lifts Letraset by £1.5m

AN INCREASE of 19 per cent in the contribution from its graphics division helped lift taxable profits of Letraset to £12.1m in the year to April 30, 1980, compared with £10.51m. Turnover went ahead from £50.09m to £71.47m.

The improvement in the graphics side reflects significant volume *growth and tight control* of overheads, say the directors, and was achieved despite the adverse impact of exchange rate movements. *Sales rose* from £34.86m to £38.75m and profits from £7.95m to £9.48m.

But in a worsening economic climate, there was less activity in rare stamp trading from the autumn of last year through the year end, and the Stanley Gibbons division, acquired in January 1979, had a difficult year, producing a surplus of £2.48m from £22.84m sales. From the acquisition date to the end of the 1978-79 year, there were profits of £0.61m and sales of £4.61m.

Leisure products sales slipped to £9.57m (£10.63m) and profits to £0.82m (£1.09m), but the directors describe this as a satisfactory return in a depressed market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abwood Machine	Nil	—	0.4	Nil	0.4
Aquis Secs. int.	0.3	Oct. 6	0.23	—	0.73
Broadstone Inv. Tst. int.	2.2	Oct. 6	2	—	7.35‡
Commercial Union int.	4.4	Nov. 17	4	—	9.8
W. and J. Glossop	2.63	Oct. 1	2.63	4.2	4.2
Group Investors	1.8	Oct. 2	1.4	2.8	2.2
Letraset	6.05	Oct. 7	5.5	7.14	6.49
Mercantile Inv. Tst. int.	0.72	Oct. 3	0.72§	¶	2.52§
Rosgill Holdings	1.72	—	1.56	2.47	2.31

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 1p special payment. § Includes 0.22p non-recurring payment. ¶ Total of 2.52p forecast.

After tax of £5.57m against £4.63m, attributable earnings were up from £5.85m to £6.46m, and the dividend is stepped up to 7.14p (6.49018p) net with a final of 6.05p, absorbing £3.05m (£2.16m).

Extraordinary debits of £1.02m (£0.67m) leave the retained surplus down at £2.39m (£3.02m).

Earnings per share are shown as 16.15p (13.74p) after adjustment to reflect the bonus element in last August's rights issue.

The pre-tax surplus, which is struck after sharply increased interest charges of £1.71m (£0.66m), includes other income of £1.02m (£1.56m). This sum incorporates patent damages received of £0.5m, but was reduced by £0.9m because of the disposal of an investment portfolio included in the previous year's results.

CCA adjustments leave the profit before tax for the year at £8.8m against £8.9m.

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Underwriting losses puts CU lower

WITH underwriting losses increasing from £17.2m to £22.9m, Commercial Union Assurance Company reports a slight fall from £58.1m to £57.6m in pre-tax profits for the six months to June 30, 1980. First quarter profits advanced from £23.4m to £26.3m.

Premium income in the first half increased from £610.8m to £636.7m.

The U.S. activities suffered the heaviest underwriting losses with £14.6m (£11.5m), but in the Netherlands they were down from £5.2m to £2.4m. In Canada, however, a surplus of £1.1m last time turned into a £3.1m loss.

Premium growth in the U.S. was stronger during the second quarter, particularly in the motor and liability accounts. Property claims experience has deteriorated due to the effect of bad weather and, generally, with market conditions remaining difficult. The statutory operating ratio was 104.4 per cent (105.1 per cent). The claims ratio to earned premiums was 70.4 per cent (72.9 per cent) and the expense ratio to written premiums 34 per cent (32.2 per cent).

A small underwriting profit of £1.1m (£0.2m) was achieved in the UK and premium growth, especially in motor, has been maintained at a high level.

There was a marked improvement in motor claims experience in the Netherlands and further rate increases of this class have not been authorised.

Trading conditions in Canada were most unsatisfactory due to intense competition and inadequate premium rates. Underwriting results therefore fell sharply and there is no immediate prospect for a material improvement in these conditions.

In Australia, intense competition continues unabated and underwriting experience was poor with losses of £2.2m (£1.8m) incurred. Adverse weather conditions and large claims is affecting the fire business.

The integration of the group's business interests in Australia and New Zealand with those of the National Mutual Life Association of Australasia, became effective from August 1. Income from business interests in these countries after that date will be accounted for as associates' earnings.

Underwriting loss for other countries was £1.7m which reflected poor experience in a number of territories in Western Europe.

Investment income, net of loan interest, increased by 7 per cent to £72.2m, but after allowing for the effect of exchange rates and other factors, the underlying increase was 18 per cent.

After tax and minorities down from £22.2m to £19.2m, profit attributable is up from £35.9m to £38.4m and stated earnings per 25p share are 9.36p (8.75p). *The interim net dividend* is increased from 4p to 4.4p and will absorb £18.1m (£16.4m). Last year's total payment was 9.8p from pre-tax profits of £137.6m.

Shareholders' funds totalled £781m (£666m) at the half year.

Worldwide new life assurance business at June 30 was: new sums assured £1.57bn (£1.22bn); new life and annuity premiums £33m (£32.1m); new annuities per annum £31.7m (£24.3m).

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Glossop runs into losses but performing better this year

SIGNIFICANT LOSSES in the second six months has left W. and J. Glossop, public works contractor, with a pre-tax deficit of £422,243 for the year ended January 31, 1980, compared with profits of £501,793 previously. At half-way, profits had fallen from £315,000 to £187,000.

The surface dressing operations incurred substantial losses in the south east and in the western region, while the quarrying activities also made a loss during the year. These losses were further compounded by the slowness of local authorities in making payment against completed contracts.

In addition, group results were affected by poor weather, the high cost of financing increased turnover, escalating prices of fuel and bitumen and generally higher costs.

Although there was a loss per 25p share of 3.8p, against earnings of 8.7p last time, the dividend total is being held at 4.202p net with a final of 2.626p (same).

Remedial action taken towards the close of 1979 has produced a much improved performance by the company in the first five months of the current year, and the directors are optimistic that this year will be profitable.

The losses sustained by the surface dressing operations in the south east have been eliminated and the region is now operating efficiently and profitably with a good order book.

All other regions, including Rowley Plant and Glossop Bitumens, are also operating satisfactorily, the exception being quarrying which continued to operate at a loss.

However, last month the company disposed of its quarrying interests at a figure in excess of book value and this activity is therefore no longer a drain on resources.

The directors say arrangements have been made with local authorities principally in the south east, who have been helpful in agreeing to the prompt settlement of accounts resulting in a much improved cash flow.

Further rationalisation is being implemented, directed toward the elimination of unnecessary duplication of activity within the group and this will result in a reduction of costs.

Turnover for the 1979-80 year climbed from £13.34m to £16.42m. There was a tax credit of £243,609 (£97,851 charge) and after extraordinary credits of £191,672 (£30,606 debits), attributable profits slumped from £373,336 to £13,038.

● comment

The problems of Glossop are shared by most medium-sized contractors. The slowness of local authorities in making payments can have a dramatic effect on cash flow and the *gulf* between creditor and debtor figures has to be funded by expensive borrowings. On top of that, low margin fixed-price business rapidly becomes uneconomic when inflation rises. Glossop believes that it has now remedied these difficulties and has also stemmed the sizeable losses from two surface dressing operations. The other major hole in the revenue account, a quarrying business, has been sold and the company's confidence is reflected in the payment of a maintained final dividend after second half losses of over £600,000. The optimism is inspired partly by the belief that, with new road-building work in short supply, road maintenance contracts should hold up. This may prove the case but the shares, yielding 17 per cent at 38p, are taking little on trust.

Rosgill profits finish £0.4m lower

TURNOVER of Rosgill Holdings, clothing distributor, improved from £22.87m to £26.73m but taxable profits, for the 53 weeks ended May 31, 1980, dropped to £728,084, compared with £1.13m.

At halfway, with profits behind at £483,000 (£720,000), the directors said that conditions generally, were not expected to improve in the short term.

They now say that a continued pressure on margins is anticipated in the current period.

Earnings per 5p share for 1979-80 are shown as 6.57p against 10.8p, and 6.24p (10.27p) fully diluted, and the dividend is stepped up to 2.466p (2.31p) net with a final payment of 1.716p.

Profits included interest receivable of £21,243 (£11,849) but were struck after interest payable of £101,125 against £66,501.

After an ACT charge of £100,929 compared with £94,545, the attributable balance came through down from £1.03m to £627,155.

The directors state that no significant quantities of seasonal lines have been carried over.

	1979-80 £	1978-79 £
Turnover	26,730,530	22,873,632
Trading profit	807,966	1,181,020
Interest receivable	21,243	11,849
Interest payable	101,125	66,501
Pre-tax profit	728,084	1,126,368
ACT	100,929	94,545
Attributable	627,155	1,031,823
Dividends	235,503	220,605
Retained	391,652	811,218
Carried forward	1,102,619	219,401
Brought forward	1,494,271	1,102,819

● comment

In one way or another VAT has been responsible for a good part of Rosgill's woes. Not only did the company have to cut margins, along with more conventional retailers, after last year's VAT hike, but it is also having to make a hefty provision—£205,000 so far—in case the Customs and Excise wins a long-running battle over the valuation, for VAT purposes, of garments provided for Rosgill's 7,000 party plan "hostesses." By last September the company realised that its hopes of improved earnings would have to be ditched. It promptly cut forward orders and ran down stocks in an attempt to limit the downside risk which appears to have been successful, as shown by the fact that it is now left with very few summer lines. More worrying is the performance of the Dutch subsidiary Pippa Dee b.v. which seems to have made a substantial loss and whose future must now be in doubt. Rosgill's attempts at diversification in the past have been something of a failure but the company now seems to want to concentrate on its main strength—party plan selling within the UK. The continuing tough trading conditions mean that Rosgill will do well to make the same again in the current year and the yield of 19 per cent with a cover of 2.7 is a reflection of the market's continuing lack of confidence in the share.

CAPITAL RESERVE FUND ADVANCES

For the year to June 24, 1980, net revenue of Capital Reserve Fund improved from £15,907 to £31,613.

Earnings per share are shown to have risen from 1.03352p to 2.83105p and, as known, the interim dividend is stepped up from 1p to 2.8p net.

The net asset value per participating share at June 24 was £11.7675 (£10.3308).

Mercantile Investment advances

REVENUE available for shareholders of Mercantile Investment Trust advanced from £1.61m to £2.12m in the half-year to July 31, 1980. This was after tax up from £797,000 to £1.02m and preference dividends unchanged at £67,000.

Stated earnings per 25p share are 1.58p against 1.2p, and the interim dividend is unchanged at 0.72p—last year's included 0.22p of arrears of dividend from Shell. The board expects to be able to recommend a maintained total payment for the year of 2.52p.

Gross revenue for the first half was £4.03m (£3.69m), of which franked investment income accounted for £2.5m against £1.87m. Debenture and other interest charges were down from £1.02m to £626,000, and management expenses were virtually unchanged at £198,000 (£188,000).

Net asset value per share, after deducting prior charges at redemption prices, was 70p (57p) as at July 31, and after deducting prior charges at market prices, 73.75p (60.75p).

During the half-year, holders of £87,752 4½ per cent convertible debenture stock requested conversion and 131,628 ordinary shares were issued to them.

City property sale adds £3.65m to Aquis reserves

A FALL of £62,463 to £91,595 in pre-tax profits is reported by Acquis Securities, property investment company, for the six months to June 30, 1980.

There was an extraordinary surplus of £3.65m which resulted from the sale of Atlas House in the City of London. This has been credited to capital reserve. It is the company's intention to re-invest the proceeds in the property sector.

The *board says* that income from the remainder of the portfolio continues to grow, though the effect will not be seen until the end of the current year.

Hotel trading in London continues to be depressed and the loss sustained by Clarendon Court Hotel at the end of the first six months is very much greater than for the same period over the past two years. This has had a significantly adverse effect on first half results.

As far as can be forecast, says the board, trading conditions will remain difficult for the rest of the year.

After tax, lower at £47,037 compared with £101,606, stated earnings per 5p share are 0.17p (0.2p) basic, and 0.23p (0.25p) fully diluted. The interim dividend is raised from 0.225p to 0.3p—last year's total was 0.725p.

Rents, less expenses, from properties in the UK contributed £361,845 (£351,947) to profits, but hotel trading suffered a loss of £88,324 (£15,611). Property development after reporting a profit of £192,274 in the corresponding period last year, had a loss of £7,541. There was a loss of £17,520 (£43,187) from property in Belgium.

Interest charge was down from £331,365 to £156,865, leaving net profits of £41,532 (£49,791). Dividends absorb £75,375 (£56,531).

SPAIN

August 12	Price %	+ or −
Banco Bilbao	228	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	278	
Banco Urquijo	138	
Banco Vizcaya	236	
Banco Zaragoza	214	
Dragados	101	+4
Espanola Zinc	83	
Fecsa	62.2	+0.2
Gal. Preciados	23.5	
Hidrola	67.7	+0.5
Iberduero	81.5	
Petroleos	112	+1
Petroliber	86	−1
Sogefisa	107	
Telefonica	65	
Union Elect.	67.5	+0.3

Electronic Rentals pays £3.09m for Rentacolor

Electronic Rentals Group, the television rental concern with interests in camping and leisure activities, is buying the Rentacolor television rental businesses trading in Australia, Hong Kong, Singapore and South Africa in a deal worth £3.09m.

The planned purchase is expected to be completed on August 15 and the payment is to be discharged by the issue of 3.03m Electronic Rentals shares. On tha London Stock Exchange yesterday Electronic Rentals shares fell 2p to 106p.

Stockbrokers W. Greenwell have placed the shares. Under the deal Electronic Rentals is to assume responsibility for borrowings equivalent to £1.75m in the newly acquired wholly-owned subsidiaries.

In the latest audited accounts of Rentacolor for the yaar ended December 31, 1979, pre-tax profits were £227,000 and post-tax profits £180,000, adjusted after back management charges to the vendors, on a £2.1m turnover.

In the six months to June 30 the unaudited management accounts showed pre-tax profits of £118,000 and post tax profits of £102,000 on turnover of £1.1m. The net tangible assets of the company at December 31 1979 and June 30 1980 were £400,000 and £420,000 respectively.

Electronic Rentals has recently purchased the majority shareholding in its previously associated rental operations in Hong Kong, Singapore and South Africa.

Rentacolor has a total of 24,500 colour television receivers on rental with domestic and commercial subscribers.

Electronic Rentals said that the concentration of business activity and investment in existing geographical areas will ensure that an immediate contribution can be achieved to the profits of the overseas rental division while stronger foundations "are laid for profitable development in the future of new electronic products such as video tape recorders and discs."

Electronic Rentals has also agreed to purchasa, subject to tha approval of the appropriate authorities, 40 per cent of the issued share capital of Rentacolor (New Zealand) which operates a television rental business with 6,000 subscribers. Tha consideration is £357,000. Electronic Rentals will issue its shares as the consideration which will be placed by W. Graeowell.

In its latest accounts for the year ended March 31, 1980 this company reportad pre-tax profits and post tax profits of £32,000 and £14,000 respectively on turnovar of £710,000. The net tangible assets of the business were £178,000.

Electronic Rentals is planning to form a company to promote television rentals to the hotel industry in South East Asia. It is propoaed that the directors of the new company will be representatives of Elactronic Rentals and Jardine Matheson together with Mr. Brian Wolfson, the founder of Rentacolor.

Gulf stake in Lonrho falls to 16% after rights disposal

GULF FISHERIES, the Kuwaiti-cotrollad investment group, has no retained its allotment from th current rights issue by Lonrho. As a result Gulf's 19 per cent stake has been diluted to jst under 16 per cent and Mr. "Tiny" Rowland, Lonrho's chief executive, becomes the largest shareholder with 16.4 per cent.

Mr. Tom Ferguson, Gulf's investment manager, confirmed yesterday that the group had sold through the markat the 8.3m shares it was entitled to. Gulf continues to hold 41.6m shares. The group has been unhappy with its inveatmant in Lonrho for soma time and Mr. Ferguson said that he did not see any point in maintaining the stake at 19 per cent.

In the markat Lonrho's shares shed 3p on the news before closing 1p down at 91p. Mr. Rowland has personally underwritten the one-for-five rights issue which was pitched at 80p compared with a market price of 114p prior to the issue.

Mr. Ferguson, who has spearheadad Gulf's dissension at Lonrho has been asked by Profeasor Roland Smith to become his personal assistant in House of Fraser. Professor Smith has just been appointed part-time deputy chairman of the retailing group which is gingering itself up for an expected bid from Lonrho.

FOSECO MINSEP

Foseco Minsep's offer for the ordinary shares of Unicorn Industries has become unconditional as to acceptances. The ordinary share consideration for the offer has closed but the composite consideration will remain open until further notice.

Foseco has received acceptances of the ordinary offer from holders of 26,477,472 shares (92.41 per cent) of which holders of 23,372,675 have elected for the ordinary consideration. Foseco intends to acquire tha balance of the ordinary shares compulsorily.

The offer for the preference shares has been accepted by some 60 per cent of holders representing 156,993 shares—equal to 39.24 per cent of that class. Tha preference offer remains open until August 25.

Hiram sells its Highland shares for £3.98m

HIRAM WALKER-GOODERHAM AND WORTS, the Canadian drink and gas company, has disposed of its entire near 5 per cent holding of 3.07m shares in Highland Distilleries in a deal worth £3.98m.

The shares wera sold at a net price of 129½p to a number of institutions.

The move follows the unsuccessful takeover attempt by Hiram Walker for Highland Distilleries, makers of the Famous Grouse brand of scotch whisky. Hiram Walker's £80m bid was vetoed by the Monopolies Commission which published a report last week.

On the London stock exchange, Highland's shares rose 8p to 127p.

Mr. John Macphail, Highland chairman, expressed gratitude to shareholders for their support at the time of the bid.

SHARE STAKES

Fobel International—Mr. B. Mayson, director, disposed of 40,000 shares.

Second City Properties—Scottish Amicable Life Assurance Society has sold 500,000 shares reducing its total holding to 1.9m (13.91 per cent).

Higsons Brewery—Mr. G. L. Corlett, director, disposed of 50,000 shares, Mr. D. B. Corlett, director, disposed of 50,000 shares.

Matthew Brown — Imperial Group has reduced its interest in the ordinary share capital from 1.2m to 1.17m (6.9 per cent).

Pentos—Sun Life Assurance Society deferred ordinary now hold 565,488 shares. (6.07 per cent.)

Property and Reversionary Investment Corporation—Mr. A. P. Arnold, diractor, reduced his non-beneficial interest by 7,800 shares.

Capital Reserve Fund—Norman nominees, has reduced its interest by 1.45 per cent to 29.31 per cent.

Freemans (London S.W.9.) — Mr. R. S. Chapman, director, has reduced his non-beneficial interests in the ordinary share capital by 149,130.

Mr. Ross lifts stake in Stroud Riley

Mr. Harvey Ross, the Yorkshire gold investment and coin dealer, has increased his stake in Stroud Riley Drummond, the Bradford textile group, from 15.02 per cent to 16.5 per cent.

Mr. Ross, through his company Harvey Michael Investments has bought a further 50,000 shares taking his holding up from 531,438 to 581,436.

Mr. Stefan Simmonds, a Bradford businessman and managing director of Stroud Riley, holds 29.7 per cent of the company's capital through his privately owned Simco Supermarkets.

Intl. Timber lifts Brownlee stake

International Timber Corporation has liftad its holding in Brownlee, a Glasgow-based timber merchant, from 12 per cent to 16 per cent.

The stake formed part of a 12.4 per cent holding disposed of through the market last week by McLeod Russel, the balance being acquired by a wide range of institutions.

Mr. Alastair Campbell, managing director of McLeod, said yesterday that the company had held the stake for a number of years and it had proved a very good investment. He said it was decided that tha time had come to take a profit and put the money to use elsewhere.

The group has already committed itself to finding sources of earnings growth to complement its assets outside India.

The number of shares involved in the McLeod disposal was 880,975 which were aold at a small discount on the 82p share price at the time.

Mr. Ronald Groves, chairman of International Timber, said he was anxious to see Brownlae remain independent. When McLeod's shares became available the opportunity was taken to build up a strategic shareholding. Mr. Groves said that "it would be a very courageous chap" who made a bid for Brownlee with International Timber holding such a large slice. He said he had no bid intentions at the moment and any future purchasas of Brownlee shares would depend on the time and price.

Mr. Groves said that the International Timber board was on very friendly terms with Brownlee. He said he had no strong views on board representation but would not seek it unless it was at Brownlea's request.

The two companies have had trading links for some time—Brownlae takes advantage of International Timber's ability to import in bulk hardwood, softwood and plywood.

International Timber paid around 77p each for its shares in Brownlee involving an outlay of some £339,000.

HAT BUYS 75% OF M. THOM

HAT Group has acquired 75 per cent of the capital of Matthew Thom and Co. for £95,000 satisfied by 55,950 ordinary shares with the balanca in cash.

Matthew Thom is a Glasgow-based plastering contractor.

PARADISE AND TEMPLEBEST

Tha acquisition by B. Paradise of Templebest has been completed and Mr. Ronald Benson has been appointed deputy chairman.

Mr. S. Alembick, managing director of Templebest, has been appointed joint managing director together with Mr. Ronald Paradise.

U.S. partner for Hogg Robinson

Hogg Robinson Group, the insurance broker with large Lloyd's of London interests, has entered into a partnership with a subsidiary of Republic Steel Corporation, the fifth largest steel producer in the U.S. The deal represents a major step by Hogg Robinson in its acquisition plans in the U.S.

Mr. Morris Abbott, Hogg Robinson's chairman, said yesterday that the group had a long business relationship with Republic Steel extending over 40 years. "We believe this is the best possible basis on which to establish a major insurance broking presence in the U.S."

Following the shake-up that has been taking place in the transatlantic insurance broking sector over the past two years Hogg Robinson has been looking for an American broker with which it could forge closer links.

In its 50:50 partnership with Republic Steel Services Group Inc., the subsidiary, Hogg Robinson intends to acquire insurance brokerage businesaes in North America. A new partnership company has been formed called Republic Hogg Robinson in which the partners will have equal representation. On the London stock market yasterday, Hogg's shares rose 4p to 121p.

In its last financial year ending December, 1979, Republic Steel reported sales of $3.99bn ($3.5bn) and net income of $121.2m ($111.1m).

"The formation of the partnership company represents only phase one of our new American plans," said Mr. Abbott yesterday, "we have a little list drawn up of possible acquisitions and some of them are quoted companies. But to do this it is obviously beneficial to be in partnership with a locally based company."

Republic Steel Services Group Inc. has business operations in insuranca and investment management.

PFPUT buys second U.S. property

The **Pension Fund Property Unit Trust** (PFPUT), in association with Grosvenor International, has completed the purchase of its second property investment in the U.S. for a sum of around $10.5m.

The proparty is the Plaza Del Prado Shopping Center in Glenview, a prosperous suburb some 20 miles north-west of downtown Chicago. Gross lettable area of this investment is 129,000 sq ft.

Current gross income is $938,000 per annum. There is an existing mortgage and PFPUT's cash involvement is just under $4.5m, including all costs. The overall yield on the acquisition is 8.9 per cent and PFPUT's cash yield is 7.7 per cent.

PFPUT's first property investment in tha U.S.—also purchased in association with Grosvenor—was a 67,000 sq ft warehouse building in a prime industrial area of South San Francisco. PFPUT's cash involvement for this purchase was $1.175m to provide a yield of 6.6 per cent.

CRYER AND STOTT

Harvey Michael Investments and Pecan Property Group, both of Leeds, have acquired Cryer and Stott, the owners of Morley Market, Queen Street for an undisclosed sum.

● NEWS ANALYSIS—ARMSTRONG EQUIPMENT IN £700,000 DEAL

AE discards Covrad at a discount

BY RAY MAUGHAN

ASSOCIATED ENGINEERING has agreed to sell the assets of its press work and heat transfer division, other than land and buildings, to Armstrong Equipment for £700,000 in cash. The deal is subject to clearance by the Office of Fair Trading and will be effective from September 1.

The division consists of two companies, Covrad and Coventry Motor Fittings, and tha selling price represents a substantial discount to the net book value of £6.4m.

Land and buildings have so far been excluded from the disposal. But Armstrong, headed by Mr. Harry Hooper, has an option to buy Covrad's 23-acre site at Canley and CMF's premises in Coventry at any time within the next two years at this year's book valuation of £2.3m.

The division's sales in the half-year to March were £11m, and the purchase price illustrates the depression in most of Covrad's main markets.

Acquired in August 1955 for around £5.2m in ordinary and preference shares, Covrad has been a heavy loss-maker in seven of the 10 years to September 1979. Its aggregate profits over the decade of £1.72m fall some way short of the sum of its losses of more than £4m.

Its activities fall in to three main groups. Heat transfer and presswork were each employing about 600 people at tha end of 1979 while the workforce in the heating equipment operation totalled about 100.

Heat transfer has been turning over around £7m annually and its principal customers for its diesel engine cooling systems take in Rolls-Royce, Hawker Siddeley, GEC Diesels, Cummins and smaller industrial diesel manufacturers such as Pethow and Dale Electric.

Its chief competitor for industrial engines and power generation sets is Serck Wheeled Vehicles, possibly accounting for some 35 per cent of turnover, face competition mainly from IMI's Marston Radiators division.

Tha market for heat transfer equipment has been blighted by a downturn in world demand for heavy diesel engines—over 60 per cent of UK diesel engine production is sold overseas—stemming from a slowdown in purchasing by OPEC and badly jolted by the terminetion of trade with Iran.

The press work operation—with an annual turnover of around £8m—has been less badly hit although the contraction of the domestic eutomotive industry has affected sales of the group's high precision heavy pressinga which go to companies like Girling and Automotive Products.

In AP's case, Covrad is thought to supply around 75 per cent of its brake shoe pressing requirements.

AE does not split the contribution from heat transfer and presswork but it seems that the latter has been tha more profitable. The heating equipment business, where Covrad produces space heating equipment under licence, employs only around 200 people and, since it turns over only £1m annually, its impact on profits and losses cannot be significant.

Coventry Motor Fittings, which specialises in radiators for vehicles at the haavy end of the commercial market, is probably going to break even this year but Covrad is bracing itself for a £1.9m loss.

It is, perhaps, surprising that AE did not choose to sell or close this division a long time ago.

"Wa thought about closing it on a number of occasions," the company admitted yesterday. But its customers' supposed difficulties in resourcing in such specialist presswork areas, and the cost of redundancies, had apparently persuaded AE to pull back from the brink each time. Yet it did not fit into the mainstream of AE's pistons, piaton-rings and bearings operations and the division does not even warrant a sub-group director on the main Board.

Cutting back on the 23-acre site at Canley was never really a possibility given the space required by a heavy press shop and the group was left to nurse what it now concedes was a "grumbling appendix."

It comes as little surprise, as Armstrong's acquisitive hunger shows, that Mr. Hooper should emerge as the surgeon. Armstrong is now trying to reactivate talks on a bid for tha loss-making Meriden motorcycle co-operativa and has never been reluctant to take on the supposedly bleaker sections of British industry.

Its usual approach is to trim tha workforce of the companies it acquires and its determined attack on what Mr. Hooper has always regarded as chronic overmanning in British industry conjures a swift recovery in even hardaned loss-makers. This time, however, AE ia bearing the cost of labour shedding.

The projected deficit at Covrad includes a £900,000 provision against 232 redundancies. Covrad employed 1,549 people at the and of 1978 and at the end of last month its payroll was down to 1,351.

Armstrong has been involved in talks about Covrad for the past three or four months and it seems that the initiative sprang from AE.

There is no particular industrial "fit" in this deal, although Armstrong has extansive pressing capacity at Howard Tenens (Willenhall) at the lightar end of the market. There may also be scope for Armstrong's fasteners to be supplied to the heat transfer arm.

But the over-riding impression remains that the buyer could more or less dictate its own terms for a business that it does not specifically need and which AE does not want.

ARMSTRONG EQUIPMENT

ACQUISITIONS ANO OISPOSALS SINCE JANUARY 1978

DATE	ACQUISITION	VENDOR	CONSIDERATION	ACTIVITY
April 1978	Gandy Frictions	BTR	£850,000 cash	Brake and clutch linings
June 1978	Hillcrest Engineering	Independent	£340,000 cash and shares	Pressings and assemblies
October 1978	Cornercroft	Independent	£1.6m cash or shares	Turned parts, pumps, crop drying equipment
February 1979	Auglo-Swiss Holdings	independent	£1.4m cash or shares	Fasteners, screws, industrial pressings
April 1979	*Howard Tenens Engineering (Willenhall)*	*Howard Tenens Services*	*£2.65m*	*Replacement body parts for automotive and agricultural industry*
May 1979	Oynac	Independent	£537,000 cash	Automotive batteries
August 1979	Firth Cleveland Fastenings	GKN	£2.1m cash	Industrial fasteners
August 1979	SALE of Armstrong Autoparts	To GKN	£14m cash	Wholesale automotive parts distribution
October 1979	Blackheath Stamping	Deritend Stamping	£600,000 cash	Orop forging
December 1979	Darlaston bolt works (now Atlas Bolts)	GKN	£2m cash	Fastenings
Oecember 1979	66 per cent of Newton OFA in France	—	FFr 2.67m	Telescopic shock absorbers

Unigate well placed and has strong balance sheet

Unigate has a far strooger balance sheet and is well placed to face the future, Mr. John Clement. chairman, tells members in his annual review.

Growth has not been neglected, he states, with a major expansion in meat in the UK and Europe, and the gradual development of a strong presence in the U.S. dairy markets.

At home, the directors of this milk, food and transport concern have continued to invest in its base business with forward-looking capital programmes to equip the group in order to meet the needs of an "ever-changing market place."

Mr. Clement says the group is encouraged by the initial findings of the independent inquiry into the milk indusrty which stated that the costing system remunerating milk processors and distributors was an incentive to increased efficiency.

He adds that maintenance of this equitable balance of benefits is crucial to the future of the milk sector of British agriculture.

As reported on July 18, pre-tax profit for the year ended March 31, rose from £43.4m to a record £51.4m, on turnover of £1.24bn (£1.13bn). The dividend is lifted by 1p to 5.7p net per share.

The sale of 16 creameries to the Milk Marketing Board (MMB) last August has resulted in a certain shift of emphasis in the group's business, the chairman states.

Capital released from the manufacture and stockholding of dairy commodities has enabled directors to invest more money in developing the group's added-value consumer dairy products where market growth is "vigorous."

By buying products which Unigate no longer manufactures from third parties, including the MMB, the group is able, Mr. Clement says, to retain a leading position in the dairy commodity market.

Proceeds of the creameries sale, some £87m including stocks, can now form the basis of a flexible and well-funded investment policy, the chairman says, with which directors plan to increase the group's growth prospects as a whole.

The new processing dairy at Chadwell Heath is due to start operating at the end of the year, following capital expenditure of £10m, and the Luton dairy is being refurbished for £2.5m. Plans are at an advanced stage for a large capital investment in the Midlands to meet future demands.

American operations have been considerably increased, and the directors regard rational expansion in the U.S. as essential to the group's health, Mr. Clement states.

They remain convinced of the long-term importance of the American investments.

Meeting, Dorchester Hotel, W, on September 11 at noon.

BROADSTONE

For the first half of 1980, revenue of Broadstone Investment Trust improved from £720,327 to £760,614, struck before tax of £267,464 against £278,714.

The net interim dividend is stepped up from 2p to 2.2p per 20p share — last year's total was 7.35p, which included a 1p special payment, on taxable revenue of £1.68m.

Net asset value climbed from 197p to 218.4p per share.

UER's London listing is 'strategic, not tactical' says chief

DEALINGS begin today on the London Stock Exchange in the shares of United Energy Resources, an energy group which derives around 95 per cent of its income from natural gas pipelines.

Since its formation in 1976, after a spin-off from Pennzoil Company, UER has diversified into a wide range of energy activities. In late 1976, it bought Cotton Petroleum, a vehicle for oil and gas exploration and production. Within a few years, UER hopes to derive around a quarter of its income from this source.

Its activities bear a passing resemblance to those of Nicor, another U.S. gas company, which listed its shares in May this year. Like Nicor, UER's reasons for a London listing are a little vague. As the group's chief financial officer, Mr. James C. Cooper, expresses it: "They are strategic, not tactical."

Mr. Cooper accepts that a London listing is unlikely to create an upsurge in demand from UK institutions, which are already able to trade freely in the stock through New York. He hopes, however, to tap some retail demand and to broaden the distribution of the shares.

At present, institutions hold only between 18 and 19 per cent of UER stock and Mr. Cooper would like to see this proportion rise. The problem, he says, is that heavy institutional trading can generate volatility in the share price and UER hope that this will be smoothed out by the addition of another market.

The company is a little coy about its financing plans but Mr. Cooper admits that, with capital expenditure of over $400m planned this year, UER might make tap the bond markets before the end of 1980.

The balance sheet is not heavily geared and UER could be tempted by a dollar issue in London if the conditions looked competitive, Mr. Cooper says.

With net income last year of $111.7m on sales of $3.1bn, UER is capitalised at just under $1bn. It offers the UK investor an opportunity to participate in the regulated U.S. gas market, which should produce a steady but unspectacular rise in income, as well as in the more exciting area of oil and gas exploration.

The main shadow hanging over UER's head is a multitude of damage claims, amounting to $1.2bn and still rising, which date from the early 1970s.

After 1970, a fall in gas reserves caused UER to curtail supplies to its customers, several of which subsequently filed highly complex suits claiming, among other things, that UER was in breach of contract.

The company seems confident that it will not suffer serious financial damage from these claims, but U.S. legal procedures being what they are, it will probably be several years before the matter is resolved.

Tesel Services raises £5m through private placing

BY ALAN FRIEDMAN

TESEL SERVICES, a Basingstoke-based oil drilling service group, has raised £5m through the private placing of 500,000 ordinary shares of £1 at £4 each and £3m worth of variable rate convertible unsecured loan notes 1987-90.

The company, which has no immediate plans for a Stock Exchange listing, plans to develop a share of the world market in wireline logging, a service required by oil companies in various stages of exploration and development.

The £5m of shares and loan notes has been placed by stockbrokers Sheppards and Chase with a number of City institutions. The Moorside Trust, Scottish American Investment and Stockholders Investment Trust, who together held 74.3 per cent of the £202,000 of issued share capital before the placing, have now taken £1.6m worth of the new shares and notes.

Other institutional investors include Touche Remnant (£1m), Foreign and Colonial Investment Trust (£50,00), Morgan Grenfell (£400,00) and Fleming (£300,00). Charter Consolidated, the mining group, has taken £250,000 and the National Coal Board pension fund has subscribed for the same amount. The Commercial Union insurance group has purchased £100,000 worth of shares and notes.

Mr. Michael Gahan, the chief executive of Tesel, said yesterday that there was scope for the growth of new oil well services along with Schlumberger, the acknowledged world market leader. Schlumberger has about 40 per cent of the North American market and more than 90 per cent in the rest of the world.

But Mr. Gahan claimed there was a "void to be filled" and said he already had interest from several of the major oil corporations. "We plan for much of our business to be overseas, but we want to develop the company in the UK. This is still a period of relative infancy for the UK oil sector," he said.

Tesel, which is projecting a net loss of £860,000 in the current year and profits in 1982 and £1.9m the following year, was founded in 1978. Last year the company had a trading loss of £97,000 and net assets of £252,000 in its balance-sheet as at June 30.

The group plans to operate in the Middle East and Continental Europe as well as in the UK and to contract primarily with major oil companies. By 1983 Tesel hopes to operate 30 logging units worldwide, giving it a 3 percent share of the market.

The group plans to use UK sub-contractors to assemble its units at first, with a later few to manufacturing for its own use and external sales.

Wireline logging is the measurement of the rock formations exposed by the drilling of an oil well during exploration and development stages. It is used in the location and assessment of oil and gas reserves.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Bridgewater Estates, Britannic Assurance, Carrington Viyella, Dreamland Electrical Appliances, English and Scottish Investors, General Accident Fire and Life Assurance, Horizon Travel, Securicor Security Services, F. W. Woolworth.

Finals — Assam Trading, Imry Property, New Witwatersrand Gold Exploration, Joseph Webb.

FUTURE DATES

Interims—

Barrow Hepburn	Sept. 16
Barton and Sons	Sept. 9
Brammer (H.)	Aug. 26
Carpets International	Sept. 10
Conder International	Aug. 18
Dufay Bitumastic	Aug. 18
Dufay Titanine	Aug. 18
Friedland Doggart	Sept. 12
International Investment Trust	Aug. 20
Law Land	Sept. 17
Tomatin Distillers	Sept. 30
Winston Estates	Sept. 4

Finals—

Crouch Group	Aug. 26
Douglas (Robert M.)	Sept. 10
Meat Trade Suppliers	Aug. 19
Scottish Metropolitan Property	Oct. 3

Rothmans continues expansion

STRICT controls on the levels of investment in stocks and debtors are enabling Rothmans International to continues its policy of modernising—and in the UK, expanding—production facilities, says Sir David Nicolson, chairman, in his annual statement.

Capital expenditure amounted to some £60m in the year to March 31, 1980, and a similar level of spending is planned for the current year. These programmes will ensure the continued competitiveness of the group and yield significant benefits in the future, he adds.

The measure of success achieved by controls can be seen in the group's overall borrowing position, Sir David points out—short-term borrowings at the year-end stood at £150.97m (£149.25m) and medium- and long-term loans at £50.93m (£46.88m).

But he warns that with little sign of any abatement in European inflation or interest rates, cash management will continue as one of the prime tasks in the current year.

As known, pre-tax profits of the international tobacco group fell to £80.45m (£98.16m), or £67.9m (£87.9m) on a CCA basis, in 1979-80. The dividend was lifted to 3.11p (2.45p) with a final of 2.11p. Sales revenue amounted to £2.48bn (£2.36bn) before VAT of £203.98m (£185.22m) and duty, excise and other sales taxes of £1.29bn (£1.25bn).

Shareholders' funds stood at £155.36m (£137.05m) after charging goodwill arising on consolidation of £116.19m (£116.23m).

In view of all the uncertainties, particularly in exchange rate movements, the chairman feels it would be foolhardy to forecast the outcome of the current year.

Rothmans has a major interest in the EEC, the future development and strengthening of which is vital to the peace and prosperity of the western world, believes Sir David.

With the immediate question of the UK budgetary contribution settled for the time being, he hopes urgent attention will be given to the design of a new budgetary structure, better equipped to counter reression and unemployment and reform the common agricultural policy. Progress would be made easier, he adds, if Britain joined the European Monetary System and helped her partners develop its scope in order to maintain currency stability and contain inflation.

Meeting, Dorchester Hotel, W1, September 10 at 12.30 pm.

£331,000 loss at Amal. Estates

INCLUDING MUCH lower gains on the disposal of investment properties, down from £315,708 to £21,366, Amalgamated Estates, property investor, suffered a pre-tax loss of £331,362 for the year ended March 31, 1980, compared with a £116,065 profit.

In March the directors reported an increased midway loss of £167,487 against £65,426.

Turnover for the full period expanded to £1.03m, compared with £297,604 and included £625,000 (nil) proceeds of dealing properties sale.

There is no tax charge against £766, and loss per 5p share, before disposal gains, is shown as 2.13p (1.26p). Again there is no dividend.

As at March 31, net asset value is given as 24.3p (24.2p) per share.

The company, formerly Amalgamated Stores, changed its name in January, 1979.

Yearlings

The interest rate on this week's batch of yearling bonds is up by ½ per cent at 14¼ per cent. Issued at par they are redeemable on August 19, 1981.

The issues are: Alnwick DC (£0.25m); Roxburgh DC (£0.25m); Charnwood BC (£0.5m); North Tyneside Metropolitan BC (£1.5m); Sefton Metropolitan BC (£0.75m); City of Wakefield Metropolitan DC (£0.25m); Runnymede BC (£0.5m); Borough of South Tyneside (£0.6m); North Hertfordshire DC (£0.5m); Bridgnorth DC (£0.25m); Gravesham BC (£0.5m); Erewash BC (0.5m); Newport BC (£0.5m); City of Portsmouth (£1m); South Derbyshire DC (£0.25m); Woodspring DC (£0.25m); East Lindsey DC (£0.5m); City of Edinburgh DC (£2m); Renfrew DC (£0.5m).

Chiltern DC is also raising £0.5m by way of 14¼ per cent bonds due on August 11, 1982, at par.

EASTERN INTERNATIONAL

Pre-tax revenue for Eastern International Investment Company fell to £410,000 as against £489,000. Gross income for the half year to March 31, 1980, slipped to £496,000 compared with £568,000.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
Com. Union	140	12	11	17	35	21	—	144p
Com. Union	160	5	6	9	20	12	—	"
Cons. Gold	550	12	2	35	—	57	—	509p
Courtaulds	70	4	1	7½	—	10	20	66p
Courtaulds	90	1	20	2	—	—	—	"
GEC	500	24	14	48	—	68	—	486p
Grand Met.	130	27	15	33	—	—	—	154p
Grand Met.	140	17	10	26	—	31	—	"
Grand Met.	160	6	10	14½	—	12	10	"
Grand Met.	180	2½	—	7½	—	10½	8	"
ICI	390	2½	—	23	—	31	10	367p
Land Secs.	293	80	6	—	—	—	—	365p
Land Secs.	323	50	1	66	—	—	—	"
Marks & Sp.	100	2	7	12	—	16½	—	100p
Marks & Sp.	110	3½	1	7½	10	10	—	"
Shell	390	38	10	56	—	—	—	414p
Shell	420	23	2	38	2	48	6	"
Shell	460	2	2	21	—	26	11	"
Totals			117		67		65	
		August		November		February		
Imperial Gp.	80	3	8	6	—	2½	20	82p
Lonrho	64	30	1	35	—	32	—	92p
Lonrho	74	20	1	25	—	28	—	"
Lonrho	84	10	80	15½	23	20	—	"
Lonrho	94	4	37	10½	14	15	10	"
Lonrho	104	1½	—	7	88	10½	37	"
Lonrho	114	½	—	4	54	6½	78	"
P. & O.	100	25	—	29	—	30	1	124p
P. & O.	110	16	10	20	—	22	—	"
Racal Elec.	240	42	1	55	—	66	—	282p
Racal Elec.	260	22	7	40	—	52	—	"
Racal Elec.	280	7½	5	22	—	40	—	"
Racal Elec.	300	1½	—	12	4	30	—	"
RTZ	380	120	5	128	6	146	—	475p
RTZ	420	80	5	72	—	98	—	"
RTZ	460	20	5	48	—	65	5	"
RTZ	500	3	—	25	—	43	5	"
Totals			165		188		156	

MINING NEWS

Accounting change for South Crofty

BECAUSE OF continuing cost pressures and a flat tin price, South Crofty, Cornwall's largest tin mine, is to change the method of accounting the value of its mining operations from one based on future net mining revenues to a depreciated cost basis.

The change means a reduction of £3.99m in the balance sheet total of fixed assets at March 31, 1980. As a result of this reduction, which has been charged to reserves, the balance sheet reserves show a net deficit of £1.15m which it is proposed to eliminate by reducing the share premium account by the same amount.

This move will be proposed at the annual meeting; an application will then be made to the Court confirming it.

The move to a depreciated cost basis of valuation—made after consultations with the group's auditors Ernst and Whinney—will avoid substantial fluctuations in the value of the mining operations through the effect on cash flow of a combination of cost inflation and a stagnant tin price.

Under the old system the mining operations were valued on the basis of anticipated future mining revenues, less costs, and the resulting cash flow was discounted for 15 years ahead. The company said that a preliminary review of the value of the mining operations indicated a possible decrease of around £3m over the year to March 31, 1980.

For the old accounting basis to continue monthly valuations of the mining operations would have been required, which is out of the question, the company said.

Last month the company reported a drop from £2.3m to £1.39m in pre-tax profits for the year ended March 31 1980.

In the current year cost pressures have continued and in the first two months there was a pre-tax loss of £74,000 on tin mining, compared with a profit of £528,000.

The company, which is controlled by Saint Piran, the troubled mining and construction group, yesterday announced the appointment of Mr. P. B. Mihalop a 37 year old mining specialist to the board. He is to become managing director of the company from September 1.

CRA $80m Australian iron ore purchase

BY KENNETH MARSTON, MINING EDITOR

AGREEMENT in principle has been reached for the Rio Tinto-Zinc group's 61.1 per cent-owned CRA (formerly Conzinc Riotinto of Australia) to purchase for U.S.$80m (£33.7m) the interests in Western Australia iron ore properties held by Texasgulf of the U.S.

It is a bold move which will substantially increase the group's influence in iron ore developments in the Pilbara region of Western Australia, reports James Forth from Sydney.

The transaction includes Texasgulf's 50 per cent interest in the Wittenoom and Rhodes Ridge iron ore agreements and other properties owned jointly with Hancock Prospecting and Wright Prospecting, owned by the WA Mining entrepreneurs, Lang Hancock and Peter Wright, the men largely responsible for the opening up of the Pilbara iron ore venture.

It also includes Texasgulf's 35 per cent interest in Cliffs Western Australia Mining, which operates the Robe River iron pellet venture and has a 30 per cent stake in the project. Cliffs Western is controlled by Cleveland Cliffs of the U.S.

Yesterday's statement did not identify the "other properties" owned jointly with Hancock and Wright but it would presumably include the large Marandoo deposit, which is one of several deposits currently under serious consideration by Japanese steel mills for a major new iron ore mine.

Others include Goldsworthy's Area C, Robe River's West Angela, Broken Hill Proprietary's Deepdale and CSR's Yandicoogina.

CRA, however, has proposed to the Japanese steel mills a long-term development plan for the Pilbara province involving a major new rail and port system. This could open areas, none of which was presently acceptable on an individual basis but could be developed for blending.

The deal with Texasgulf, which is subject to the conclusion of definitive agreements, the approval of the boards of both groups and various governmental and other approvals, could assist CRA to organise such a scheme. It would also position CRA to have a strong chance of participating in the next major iron ore project approved by the Japanese mills.

The move into the Robe venture also takes CRA into partnership with the Japanese groups, Mitsui, Nippon Steel and Sumimetal. The use of CRA rather than its 82.3 per cent owned Pilbara iron ore miner Hamersley could be linked with CRA's commitment to "naturalise" by increasing its level of Australian shareholding to 51 per cent if the group shares in a new equity.

Development of one of the areas aquired from Texasgulf would realise a long-standing dream of Hancock and Wright to directly participate in iron ore mining in Western Australia. At present they only earn royalties from mines operated by Hamersley.

Amax's $60m magnesium deal

AMERICA'S Amax international natural resource group is paying approximately $60m (£25.3m) for NL Industries' magnesium production facility on the Great Salt Lake in Utah.

Magnesium is used mainly as an alloying agent to increase the strength and corrosion resistance of aluminium. It is also employed in weight-saving applications, such as in non-structural steel and die castings and in the chemical reduction of metals.

Mr. Pierre Gousseland, chairman of Amax, said that it was planned to expand the magnesium capacity to about 45,000 tonnes a year from the present 28,000 tonnes. "This will ensure continued supply to customers to meet anticipated market growth and profitability of the business," he said.

He also pointed out: "The operation of the magnesium business as a division of Amax Speciality Metals Corporation fits into Amax's programme of diversification into metals and natural resources where the company's expertise and experience can be advantageously employed."

PANCONTINENTAL

As part of its general exploration expansion Australia's Pancontinental Mining through its wholly-owned Pancontinental Mining (Canada) is to enter a joint venture with Barymin for the further exploration of the last-named's gold prospect in Hislop Township, Ontario.

Pancontinental will be the operator and will spend a minimum of C$125,000 (£45,000). The company also has the option to spend a further C$$75,000 to earn a 41½ per cent interest in the property and a further C$200,000 to raise the stake to 50 per cent.

Fraser Island dispute may go to World Court

THE U.S. is seriously considering taking Australia to the World Court over a long-standing compensation claim by a U.S. company following a past Australian Government's ban on beach sand mineral mining on Fraser Island in Queensland.

The U.S. Attorney-General, Benjamin Civiletti, made the announcement on his arrival in Canberra on Tuesday for talks with the Australian Attorney-General, Senator Peter Durack, on the compensation issue.

The dispute stems from the Australian Government decision in 1976 to ban mining for mineral sands on Fraser Island for environmental reasons.

The mining for rutile, one of the main components of titanium, was being carried out by Dillingham Murphyores, a subsidiary of the Hawaiian-based Dillingham Corporation. Dillinghams have claimed A$25m (£12.2m) compensation.

ROUND-UP

Canada's Dome Petroleum's cash flow from operations was 58 per cent ahead at C$151m (£54.9m) in the first half of this year. The company is continuing to spend about two and a half times its cash flow on exploration for and development of oil and gas in Canada. These capital outlays are exclusive of those for acquisitions which will exceed C$1bn.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†19 %
Amro Bank	19 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	19 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	19 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	19 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	19½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	19 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	19 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	19 %	Ryl. Bk. Canada (Ldn.)	19 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	19 %
C. E. Coates	16 %	Trustee Savings Bank	19 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	19½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	19 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.260	10	63	—	—	—	—	F.320.50
ABN C	F.280	7	42	—	—	—	—	"
ABN C	F.300	18	21	—	—	—	—	"
ABN C	F.320	1	7	—	—	—	—	"
AKZO C	F.20.30	14	1.50	80	2	—	—	F.22.90
AKZO C	F.23	—	—	84	0.70	20	1.30	"
AKZO C	F.27.50	5	0.20	—	—	—	—	"
AKZO P	F.20.03	10	0.60	—	—	—	—	"
AKZO P	F.25	—	—	40	2.30	9	2.50	"
AKZO P	F.27.50	3	4.50	—	—	—	—	"
AMRO C	F.65	—	—	2	4.80	—	—	F.68
KODA C	260	6	6	—	—	—	—	$64⅝
CITI C	$25	8	⅝	—	—	—	—	$23¼
NEIN C	F.55	5	4	—	—	—	—	F.58.70
NEIN C	F.60	10	0.50	10	4A	—	—	"
NEIN C	F.70	—	—	2	0.60	—	—	"
IBM C	$60	5	7½	—	—	—	—	$66⅝
IBM C	$65	0	4⅝	7	5⅞	—	—	"
IBM C	$70	—	—	—	—	3	4¼	"
IBM C	$75	4	½	—	—	—	—	"
KLM C	F.60	36	8A	—	—	—	—	F.68
KLM C	F.70	30	0.50	8	3.50	—	—	"
KLM C	F.80	3	0.70	—	—	—	—	"
KLM P	F.60	21	1.60	4	3	—	—	"
KLM P	F.70	39	5.40	25	7.50	—	—	"
NAT C	F.104.50	5	12.50	—	—	—	—	F.117
NATN C	F.120	50	1.60	—	—	—	—	"
NATN P	F.110	—	—	5	2.50A	—	—	"
NATN P	F.120	7	6	1	7	—	—	"
PETR C	Fr.5500	8	6	—	—	—	—	Fr.4860
PHIL C	F.17.50	164	2.40	58	2.70	50	3.10	F.19.70
PHIL C	F.20	130	0.70	251	1	121	1.40A	"
PHIL C	F.22.50	167	0.20	—	—	—	—	"
PHIL P	F.17.50	—	—	14	0.50	10	0.60	"
PHIL P	F.20	50	0.90	—	—	—	—	"
PHIL P	F.22.50	62	2.70	—	—	—	—	"
POLA C	F.30	5	1⅝	—	—	—	—	$28⅝
OLIE C	F.150	5	22.20	—	—	—	—	F.171.60
OLIE C	F.160	45	13A	—	—	—	—	"
OLIE C	F.170	252	5.40	31	7.80	—	—	"
OLIE C	F.180	124	1.80	44	2.80	10	5	"
OLIE P	F.150	2	0.50	4	1.30	—	—	"
OLIE P	F.160	65	1.80	—	—	—	—	"
OLIE P	F.170	20	6.70B	4	7.30	—	—	"
OLIE P	F.180	2	13.50	15	14B	—	—	"
ATT C	$55	10	¾	—	—	—	—	$53⅜
UNIL C	F.120	35	3.50	—	—	—	—	F.120.50
UNIL P	F.115	52	0.80	—	—	—	—	"
UNIL P	F.120	5	2.50	—	—	—	—	"
XERO C	$60	—	—	14	5⅝	—	—	$61⅞
		Aug.		Nov.		Feb.		
BOEI C	$40	—	—	5	2⅞	—	—	$38½
BASF C	DM.140	20	1	—	—	—	—	DM139.50
MANN C	DM.130	—	—	5	3	—	—	DM125.38
SIEM C	DM.270.50	10	15.50	—	—	—	—	DM285
SIEM C	DM.260	10	5.70	—	—	—	—	"
SLUM C	$110	78	22¾	78	23¾	—	—	$132¼
VW C	DM.180	—	—	9	2	—	—	DM171.80

TOTAL VOLUME IN CONTRACTS 2552

C=Call P=Put

APPOINTMENTS

New chief for BP Chemicals

Mr. Robert B. Horton is to take over as managing director of BP CHEMICALS in November after the retirement of Mr. Len R. Burchell, the present head of the company. Mr. Horton, currently the deputy managing director of BP Chemicals, will also become a member of the Board of BP Trading and managing director of BP Chemicals International.

Mr. Burchell, an outspoken defender of chemicals' interests—notably in connection with U.S. exports of cheap petrochemicals in recent months, is leaving British Petroleum after a total of 30 years with the group.

His successor, who is at present on the Board of both BP Chemicals and BP Chemicals International, was formerly the general manager of the BP Tanker Company. He also headed the group's corporate planning department before joining its chemicals' subsidiary in 1978.

Over the last two years, BP has expanded its chemicals business considerably — chiefly through the purchase of the European chemicals' interests of Union Carbide and Monsanto.

★

Mr. Gene C. Bankston, formerly vice president production for Shell Oil Company, has been elected president and chief operating officer of MORAN BROTHERS INC., Houston. Mr. R. J. Moran, formerly chairman of the Board and president, was named chairman of the Board and chief executive officer.

★

Mr. D. S. Ford has joined the Board of ROBOTHAM (RE-INSURANCE).

★

Mr. Alan Fletcher has been appointed to the new post of deputy managing director of CAM GEARS, based at Hitchin. He joins the Cam Gears Group from Scott and Thrissel of Bristol, where he was managing director.

★

Mr. Wilson F. Aitken has been appointed manager of Engineering and procurement at PULLMAN KELLOGG, Wembley.

★

Appointed deputy managing director of FORMICA is Mr. Jack Chandler, who is transferred from Costa Rica, where he has been general manager of Cyanamid Central America since July 1977. Based at Tynemouth, he will be concentrated initially on marketing and sales.

Mr. Roy Titchmarsh has been appointed managing director of JOHNE AND REILHOFER (UK), the recently formed British subsidiary of the West German company, Johne and Reilhofer GmbH. He was formerly manager of Marconi Messtechnik of Munich, subsidiary of Marconi Instruments.

★

The following appointments have been made in the DEVITT LANGTON AND DAWNAY DAY GROUP: Mr. D. J. Horder as managing director of Howson Devitt (Life and Pension Brokers); Mr. G. F. Bowley as a director of Devitt (Midlands). Mr. G. A. Wrightman has been appointed managing director of Fremont Underwriting Management Co.

★

Mr. [illegible], for the past two years general manager of the London office of the TOKYO TRUST AND BANKING COMPANY, has been appointed to head office. He is succeeded by Mr. Susumu Nakazawa, previously deputy general manager. Mr. Yoichi Yamamoto becomes deputy general manager.

★

Sir Arthur Armitage, at present vice-chancellor of Manchester University, is to be the first chairman of the SOCIAL SECURITY ADVISORY COMMITTEE when he retires in September. The Committee will replace the British and Northern Irish Supplementary Benefits Commissions and the National Insurance Advisory Committee. Its remit will cover most of the social security system, and it has the specific function of reporting to Parliament on social security regulations.

★

Mr. Gordon White has been appointed director and general manager of the newly-formed company MILLER BUCKLEY GOLF DEVELOPMENTS. Other directors are Mr. Keith Hainsworth and Mr. Charles Farrer. Mr. Peter Fox has been appointed director and general manager of MILLER BUCKLEY GOLF SERVICES. The chairman of these companies is Mr. Michael Bonallack who heads all Miller Buckley companies which operate in leisure-oriented activities.

★

Mr. Ian Wright has been appointed personnel director of GOLDEN WONDER and SMEDLEY-HP FOODS.

★

Mr. Laurie Hill has been appointed managing director of DOREEN UK, the holding company for Joan Barrie and Winners. He was previously managing director of the retail division of BAT Industries. Mr. J. L. Braham has resigned his executive position with Joan Barrie and his directorship of Doreen Holdings.

★

Mr. J. R. Knowles has been appointed to the Board of SELFRIDGES as merchandise director responsible for non-food departments and publicity. He was until recently with Lane Crawford of Hong Kong.

★

Mr. E. G. Libby and Mr. T. Stewart have been appointed to the Board of THE COSTA RICA RAILWAY CO.

★

Mr. David A. Acland has been appointed a director and chairman of ELECTRIC AND GENERAL INVESTMENT CO., an investment trust managed by Henderson Administration.

★

Mr. Roy Peters has joined COUNTY BANK as head of research department, investment division. He was formerly with Hoare Govett.

★

Following the resignation of Mr. Paul Golay as managing director of the Thornaby-based PETITJEAN AND CO. (UK), senior executive responsibility is to be shared between Mr. T. Blair and Mr. L. Riley.

★

The chairman of the BRITISH MANAGEMENT TRAINING EXPORT COUNCIL for the coming year will be Mr. J. Swainson, management training adviser, Urwick Management Centre, and the deputy chairman will be Mr. Patrick Forsyth, client services director, marketing improvements.

Sharp decline in second quarter for J. C. Penney

BY PAUL BETTS IN NEW YORK

J C PENNEY, the third largest retailer in the U.S. and the country's second biggest mail order group, has reported a sharp decline in second-quarter net earnings, and expects to report continuing poor results from its retail operations during the second half of the year.

Mr. Donald Seibert, Penney's chairman, said the 68.8 per cent drop in second-quarter profits were a consequence of high inflation and the recession in the U.S., and warned that inflation and the economic downturn would continue to hit the group's retail business. This is despite signs of a tentative recovery in U.S. retail sales which rose by 2 per cent in July.

The July increase was higher than originally estimated, but although analysts described last month's increase as encouraging after four months of consecutive sales declines earlier this year, many warned that it was still too early to talk about a strong recovery.

Penney's net income for the second quarter totalled $5m, or 7 cents a share, compared to $16m, or 24 cents a share, for the same period last year. First-half profits came to $19m, or 28 cents a share, against $51m, or 75 cents a share, last year.

Second-quarter sales rose by 1.3 per cent to $2.5bn from $2.48bn in the same quarter last year.

The chairman said gross profit margins in the first two quarters had declined due to increased promotional operations, while sales gains were inadequate to offset moderate rises in overall group expenditure. Debt interest in the first half had also dropped largely because of lower borrowing.

The results for the quarter showed a loss before the net income of unconsolidated insurance subsidiaries were added. Profits of the insurance subsidiaries improved in both quarters of the half-year.

Inventories were 8.1 per cent lower than this time last year. In the first half, the group opened 39 new retail outlets compared to 37 in the first six months of last year.

BORROWER PROFILE — POLAND

Trade balance soothes the Western banks

BY FRANCIS GHILÈS

"In 1980 Poland expects to balance or reach surplus on its foreign trade in convertible currencies. While the realisation of this objective is expected to be difficult, assuming no deterioration in the underlying environment the fulfilment of the target is nevertheless believed to be possible."

The relatively bullish views are expresed in a confidential memorandum prepared for banks participating in a $300m syndicated Eurocurrency loan to the Polish state bank Handlowy Warszawie. The recent rash of strikes and the severe floods which have hit the country, however, must raise doubts as to how successful the Polish authorities will be in holding to these predictions.

Figures provided for the first quarter of 1980 show that Poland achieved a surplus on its balance of trade in convertible currencies of $101m (£42.6m) and cut the deficit on its current account balance by more than half to $283m (£120m) compared with the same period last year. "Preliminary results of the first half of the year are better than those for the first quarter," the memorandum states.

The country, which has been in sharp deficit on its trade with the non-Communist world for the past 11 years, had total borrowings in hard currencies of $19.4bn (£8.2bn) at the end of last year, a rise of about $4bn in one year.

Poland needs to find $7.18bn (£3.03bn) to service its hard currency debt this year, of which $5.24bn (£2.21bn) is earmarked for repayment of principal, the rest for repayment of interest. The country's bankers have already secured nearly three-quarters of the $7.7bn (£3.2bn) which was the figure they were aiming to raise this year. This figure excludes the $300m Eurocredit currently being assembled and much of the balance is made up of a DM 1bn-plus loan Polish bankers are still negotiating with German banks.

While there is comfort to be derived by the banks in this achievement, a comparison of the forecasts which accompanied a $550m Eurocurrency loan arranged in March, 1979 with what happened subsequently must caution against excessive optimism. At that time, the ratio of debt interest and repayment to hard currency exports and services earnings was projected to fall from 54 per cent in 1979 to 44 per cent in 1980. The revised picture for 1980 is that it will rise to 68 per cent, one of the highest debt burdens of any country.

It is worth remembering, however, that this figure is unusually conservative in-so-far as Poland has no private hard currency debt, unlike many non-Communist countries which specifically exclude private overseas debt from the figures which they give to foreign banks.

Projections in the memorandum for the next few years show that Poland will need to find, on current estimates, $6.5bn to service its hard currency debt next year and $3.9bn in 1982.

While foreign banks have been able to get better information from the Poles on the breakdown of Polish trade, the origin of hard currency credits drawn down last year, and the breakdown of the country's debt, is concerned they failed to get any indication of what, if any, hard currency reserves Poland might have. Nor does the information about the source of foreign credit projected for 1980 shed any light on rumours of a large hard currency credit from the USSR, a story which the Poles denied earlier this year.

The memorandum discloses that at the end of last year almost 74 per cent of Poland's $19.4bn of debt was in U.S. dollars, Deutsch Marks and Swiss francs. Some 53 per cent of the total figure is of medium-term maturity, coming due in periods between one and five years. Long-term debts amount to $9.1bn and mature after five years.

A detailed breakdown of maturing debt shows that $7.18bn is due for repayment this year while hard currency exports are projected at $8.53bn and imports at $8.16bn. Services and remittance inflows are expected to total $1.88bn and outflows $3.54bn producing an overall $1.29bn current account deficit this year.

This compares with a current account deficit last year of $2.83bn. This disastrous outcome followed predictions earlier in the year of a current account deficit of $1.4bn. The shortfall was the result of a bad harvest following serious floods, and slow growth which combined to produce an unprecedented 2 per cent decline in Poland's national income last year.

The loan for Poland which is currently being arranged is slowly moving towards its target of $300m. Eight banks acting as joint lead managers have committed $25m each while one manager and three co-managers have committed $15m and $10m respectively. Syndication is expected to close at the end of the week.

The terms on which Poland is borrowing, which include a margin of 1¾ per cent above the interbank rate for seven years, are not much harder than those it paid for its $550m loan nearly 18 months ago, a split margin of 1⅝ and 1¾ per cent for the same maturity.

However, a number of banks which had participated as joint lead managers in last year's loan are absent today. This is particularly true of the Canadian banks. Thus the amount of the loan is less than had initially been envisaged.

DEBT MATURITY SCHEDULE ($m.)

Total Debt: $19.4bn at year end 1979

	1980	1981	1982	1983	1984
Repayment of principal	5,242	5,161	3,079	1,686	1,330
Projected payment of interest	1,940	1,415	910	600	430

Source: Bank Handlowy

BALANCE OF PAYMENTS IN CONVERTIBLE CURRENCIES AND UNITS OF ACCOUNT

	1979	1980*	1981*
Goods			
Export	6,700	8,530	9,300
Import	8,410	8,160	8,500
Balance	−1,710	+370	+800
Services and Remittances			
Inflows	1,585	1,875	1,985
Outflows	2,700	3,540	3,680
Balance	−1,115	−1,665	−1,695
Balance on current account	−2,825	−1,295	−895

* Projected

Source: Bank Handlowy

Steep drop in earnings at J. Ray McDermott

BY OUR NEW YORK STAFF

J. RAY McDERMOTT, the New Orleans energy engineering and construction services group currently bidding to increase its stake in Pullman, the U.S. railway engineering concern, reports a 37 drop in net earnings in the first fiscal 1980 quarter, compared with the same quarter last year.

The company attributed the decline in profits from $19.8m last year to $12.4m largely to lower operating results from its power generating and engineering equipment divisions.

McDermott, a major manufacturer of oil rig equipment, controls Babcock and Wilcox which designed the reactor involved in the Three Mile Island nuclear accident last year

In recent weeks, McDermott has sought to acquire an additional 18 per cent stake in Pullman to bring its equity holding in the railway equipment concern to 23 per cent

But its tender offer for up to 2m Pullman shares at $28 a share has been fiercely opposed by the Pullman board, which describes it as inadequate and raising possible anti-trust problems

McDermott has so for bought only 1,917 Pullman shares already tendered, reflecting the difficulties it faces. Moreover, McDermott said yesterday it was extending its offer until August 13.

For its part, Pullman has claimed it was negotiating alternative offers with a number of so for undisclosed companies.

McDermott is understood to have had its eyes on Pullman for some time since it could contribute to expansion plans in the energy services business. In particular, McDermott is apparently interested in Pullman's Kellog division which designs and builds petrochemical and other processing plants.

Mr. James Cunningham, McDermott's chairman, yesterday declined to amplify on his company's announcement that it was extending its offer for Pullman shares until today.

Neither did Mr. Cunningham indicate how strongly the company would pursue its bid to acquire additional Pullman stock, nor would he comment on whether McDermott knew the identity of other companies possibly involved in discussions with Pullman.

Life business boosts AIG in first half

By Our New York Staff

A 25 per cent increase in second quarter earnings is reported by American International Group (AIG) the large internationally-diversified U.S. insurance group. Profits rose from $51m or $1.35 a share to $63m or $1.67 a share, mainly because of the strength of its life insurance business, where premiums written increased by 27 per cent.

The company said that results from foreign operations were up, but general insurance underwriting profits were slightly down on last year. Mr. Maurice Greenberg, president, described market conditions during the second quarter as "highly competitive."

The strong second quarter boosted half-year earnings by 22 per cent, from last year's corresponding $106.94m or $2.86 a share to $130.53m or $3.46 a share.

Second quarter revenues were $490.2m, against $426.2m previously, making $962.3m for the half-year, compared with $847m in 1970.

Lower consumer spending hits results at Sunbeam

BY TERRY BYLAND

THE SLOWDOWN in consumer spending is reflected in lower sales and earnings at Sunbeam, the appliance manufacturer, in the first quarter of 1980-81.

Also holding back earnings were losses on foreign exchange from the 48 per cent of group sales outside the U.S.

Net earnings are down by about one-third to $5.5m, or 37 cents a share for the three months ended June 30, while sales are a shade higher at $293.2m.

A foreign exchange loss of 19 cents a share is included in the first quarter figures. Valuing foreign inventories at historical rather than current exchange rates, cut them by more than $5m.

In 1979, Sunbeam earned $3.30 on sales of $1.4bn, and analysts have forecast that despite the consumer slowdown in the early part of the year, 1980-81 should see earnings maintained.

Pan Am may sell terminal

BY DAVID LASCELLES IN NEW YORK

PAN AM, which only a fortnight ago sold its prestige Manhattan headquarters for $400m, confirmed yesterday that it is considering selling one of its two terminals at Kennedy Airport to TWA.

Pan Am acquired the second terminal through its takeover of National Airlines last year. The plan would be to sell the National terminal and consolidate all flights in the existing Pan Am terminal

TWA is interested in the deal because it needs extra capacity to relieve its own overcrowded terminal. The National terminal is convenient because it lies next door

Pan Am said yesterday that the proposed sale of the National terminal had more to do with reorganising Pan Am's operations than increasing the company's cash flow—the reason given for the sale of the headquarters building. Pan Am is currently going through a difficult patch because of the slump in airline business.

Widespread falls in Eurobonds

BY FRANCIS GHILÈS

HIGH SHORT-TERM interest rates combined with a weak New York bond market to depress prices of outstanding Eurodollar bonds by a full point yesterday. Most of the fall was accounted for by dealers marking down prices but there was also some selling.

Recent dollar-denominated issues fell more heavily but there was one exception: the 12¾ per cent bond to 1985 for International Harvester priced last week at 99½ was quoted at 98¾ offered.

The latest Eurosterling offering, a £12m 14¼ per cent bond to 1988 for Rothschild Investment Trust was priced at 98 to yield 14.64 per cent by lead manager S. G. Warburg. The bonds were priced realistically because of the fall in sterling, Eurobonds and gilt-edged issues during the past week. Other sterling-denominated bonds fell ¼ of a point.

The 5⅝ per cent Swiss franc bond to 1990 for the Republic of Finland priced at 99¾ and which had a cool reception on its debut on Monday when it dropped 2¼ points, yesterday recovered a shade to 97¼.

The Swiss Government's issue of around SwFr 250m at 4¾ per cent did not affect secondary market prices which fell by ¼ point on the day.

In the Canadian dollar sector a private placement of C$25m has been arranged for Export Development Corporation by KIIC, Credit Suisse, First Boston and Daiwa Securities. Terms include a five-year maturity and a coupon of 11¾ per cent.

CanPac profit up 19% at halfway stage

By Robert Gibbens in Montreal

EARNINGS AT Canadian Pacific advanced by 19 per cent in the first half of 1980, mainly due to better performances by the transportation subsidiary and the shipping offshoot, Canadian Pacific Bermuda.

Total earnings, including the company's share of the resource group, Canadian Pacific Enterprises, were C$269.2m (US$232m) or C$3.74 a share, against C$226.3m or C$3.14 a share.

CP Air, CP Rail and CP Trucks were weaker in the first half, but miscellaneous income was higher due to gains on the sale of properties.

Norcan Energy, a major resource company now controlled by the Hollinger-Argus group of Toronto, earned first-half net profits of C$ 53.9m (U.S.$ 46.6m) or C$ 2 a share, against C$ 34.1m or C$ 1.46 a share a year earlier, on revenues of C$ 532m compared with C$ 464m.

Western Canada's largest supermarket chain, Canada Safeway, owned by Safeway of U.S., earned C$ 29.5m (U.S.$ 25.5m) in the 24 weeks to June 14, against C$ 25.1m a year earlier. Sales came to C$ 1.18bn against C$ 1.04bn.

World Bank loans for Philippines

MANILA—The World Bank is to lend the Philippines up to $600m in "programme loans," the first $200m of which may be released in equal parts in November and January, the Board of Investments said.

The initial $200m will be repaid over 20 years with five years grace and carries interest of 9.25 per cent a year. Terms are scheduled to be signed in September.

The remaining $400m, terms for which are still to be negotiated, are expected to be released in two tranches of $200m in the subsequent two years.

The first $200m will be used to support the Government's energy development programme, and to finance industrial rationalisation, a coal conversion scheme for cement plants, partial financing of more export processing zones, and textile industry modernisation. Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	86¾	87¼	−0¼	−1¼	13.18
CECA Grad. Rate 12 86	100	95¾	96¼	−0⅜	−1½	12.10
CECA 11⅞ 90	50	95⅝	96⅛	0	+0⅛	12.31
CECA 11½ 88	100	96¼	96¾	−1¼	−1¼	12.20
Citicorp O/S Fin. 10 85	300	91	91½	−0⅞	−0⅞	12.15
Con. Illinois O/S 9¾ 86	150	90	90½	−0¼	−0⅞	12.15
Denmark 11¾ 90	100	94½	94¾	−1⅛	−1¼	12.72
Dome Petroleum 13½ 92	50	99½	100	−0⅛	−1	13.51
EEC 11 85	75	90⅞	91⅛	−1⅛	−2	12.36
EIB 11¾ 92	80	92¾	93¼	−0⅛	−1¼	12.95
EIB 13⅞ 90	100	103¾	104¼	−0¼	−0⅛	13.00
Eksportfinans 11⅛ 87	50	96⅞	97⅜	−0½	−0⅛	11.88
Eksportfinans 9½ 87	75	88⅛	88⅝	−0½	−1⅛	12.11
Elec. de France 10 88	125	91	91½	−0¼	−0⅞	11.75
Export Dv. Cpn. 12⅛ 87	100	102½	103	−0⅛	−1⅛	12.10
Export Dv. Cpn. 9½ 98	150	90⅜	91⅛	−0¼	−1⅛	11.91
Federal Dev. Bk. 12⅛ 85	75	100⅞	101⅜	−0⅛	−1⅛	11.93
Fin. Exp. Credit 10⅛ 85	50	95⅝	96⅛	−0⅛	−0⅛	11.64
Finland Rep. of 9½ 88	100	88	88½	−0⅛	−1⅛	12.51
Ford O/S Fin. 12⅛ 85	250	97½	98	−0⅞	−0⅛	13.25
George Weston 13½ 87	30	100	100½	−0½	−0⅛	13.41
GMAC O/S Fin. 11 84	100	97¼	97⅝	−0⅛	−1	11.76
GMAC O/S Fin. 13⅛ 85	100	102⅞	103⅜	−0⅛	−1⅛	12.40
Goodyear O/S 12½ 87	75	96⅝	97⅛	−0½	−0⅛	13.20
Hudson's Bay 11½ 90	75	93¾	94¼	−0⅛	−1⅛	12.60
IBM Canada 10½ 85	50	96½	97	−0⅞	−1	11.39
ICI Fin. Ned. 11 83	100	99	99½	−0⅛	0	11.29
McGraw 13⅛ 85	75	99⅞	100⅜	−0¼	−0⅞	13.49
Norwest Ind. 13⅞ 87	50	98⅞	99⅜	−0⅛	−0⅛	13.79
Nova Scotia 10¾ 90	50	90½	91	−0¼	−0⅛	12.41
OKB 10 85	50	94⅜	94⅞	−0¼	−1⅛	11.48
Pembroke Capital 9¾ 87	100	91	91½	−0⅞	−1⅛	11.52
Pemex 11½ 88	100	93¾	94¼	−1⅛	−1⅞	12.74
Quebec Hydro 11¾ 92	100	92¼	92¾	−1⅛	−1⅛	12.75
Reseteal O/S 11½ 88	100	89¼	89¾	−0¼	−1¼	13.78
Roylease Ltd. 11¼ 85	50	87½	98	−0⅛	−0⅛	11.86
SNCF 12⅞ 85	50	102⅞	102⅜	−0⅛	−0⅛	11.66
Swed. Ex. Cred. 12½ 85	40	100¼	100⅝	−0⅛	−1	12.35
UB Finance BV 11 90	50	86¾	87¼	−0⅛	−1⅛	13.44
Unilever NV 9¾ 90	100	87½	88	−0½	−0⅞	11.91
World Bank 9¾ 85	200	93⅞	94⅜	−0⅛	−1	11.37
World Bank 10¾ 87	300	93¾	94¼	−0⅛	−1⅛	11.55

Average price changes... On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 80	125	102⅞	103⅜	+0½	+0⅛	8.49
Australia 8⅛ 90	250	102½	103¼	−0⅛	−0½	7.89
BFCE 7¾ 87	100	100¾	101¼	+0⅛	+0⅛	7.58
BFCE 8⅞ 95	100	100⅝	101⅛	+0⅛	−0⅛	8.00
Brazil 8 87	150	92⅝	93⅜	0	−0⅛	9.41
Council of Eur. 7¾ 89	100	95⅞	96⅜	−0⅛	−0⅛	7.86
Denmark 7⅞ 85	100	98⅞	99⅜	−0⅛	−0⅛	8.03
Denmark 8¼ 92	100	99½	100	+0¼	+0⅛	8.26
EEC 7⅞ 94	225	99	99½	−0⅛	−0⅛	7.96
Finland Rep. of 8 86	150	100¾	101¼	+0⅛	+1⅛	7.81
Iberduero 9 90	100	98⅝	99⅛	0	0	9.18
Kobe, City of 7⅞ 89	150	95¾	96¼	−0⅛	−0¼	7.73
Kobe, City of 8 90	100	100⅜	100⅞	−0⅛	+0½	7.50
Mr. Bk. Denmark 8½ 90	150	100¼	100¾	−0⅛	+0⅛	8.40
Norway 7½ 95	250	100⅜	100⅞	0	+0⅛	7.31
OKB 7¾ 89	100	96⅜	96⅞	−0⅛	−0½	7.92
OKB 8¼ 92	150	100¾	101¼	−0¼	+0⅛	8.11
Oslo, City of 8⅛ 90	90	102½	103	−0⅛	+0⅛	8.31
Sweden 9⅛ 87	200	107⅞	108⅜	−0⅛	0	8.06
World Bank 7⅞ 90	250	99	99½	−0⅛	−0⅛	7.98
World Bank 8 90	700	99⅝	100	−0⅛	−0⅛	8.02
World Bank 10 88	150	108⅛	108⅝	−0⅛	−0⅛	8.10
World Bank 10 90	200	112⅞	113⅜	−0⅛	+0⅞	8.11

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	81¾	91¼	−0⅛	−1⅛	6.80
Bergen, City of 4½ 81	40	93½	94	0	+0½	5.53
Bergen, City of 6 90	50	104¼	104½	+0⅛	+0⅛	5.43
BNDE 5 89	75	84½	84¾	−0½	+0⅛	7.41
BMW Overseas 4¼ 91	100	†92½	93	−0⅛	0	5.10
Buhrm'n-Tetterode 7 90	40	†105½	106	−0⅛	0	5.19
Caissa Nat. Tele. 4¾ 89	100	94¼	94¾	−0⅛	+0⅛	5.17
Copenhagen 4½ 91	60	†88	88½	−0⅛	−1¼	5.97
Council of Eur. 5 89	100	95¾	95½	+0⅛	0	5.65
Denmark 5¾ 90	80	100⅛	100⅜	+0⅛	+0⅛	5.71
EIB 4¾ 94	100	†88	88½	0	+0½	5.61
Elec. de France 4⅞ 89	100	94½	94⅞	0	+0⅛	5.16
F. G. H. Hypo. Bk. 8 90	50	†104	104½	−0⅛	+1⅛	5.45
GZB 4¾ 89	100	90⅛	90½	+0⅛	−0⅞	5.93
Hilti 4½ 81	35	†95	95½	0	+2	4.81
Int.-Amer. Dev. 4½ 89	100	91¼	91¾	0	+0⅛	5.72
Int.-Amer. Dev. 7 90	80	105⅛	105⅝	+0⅛	+0⅛	5.12
Jutland Tele. 5½ 90	50	†99	100	−0⅛	−0⅛	5.56
Malaysia 5 89	80	88⅛	88½	−0⅛	0	5.74
Newag 5¾ 90	80	102	102½	0	+0⅛	5.46
Nippon Tel. & T. 4¾ 89	100	94⅛	94½	−0⅛	0	4.98
Nordic Bank 5 89	45	98¾	99	−0½	+2⅛	5.16
Norges Komm. 4¾ 91	100	91⅞	92	+0⅛	−0⅞	5.38
OKB 4¾ 91	100	92	92½	+0⅛	−0⅛	5.33
OKB 6 90	100	103¼	103⅝	0	+0½	5.55
Oslo, City of 4⅛ 91	100	89	89¼	−0½	−0⅛	5.72
Sekisui Pre. Hms. 8 90	80	102⅛	103	−0⅛	+0⅛	5.91
Shikoku El. Pwr. 4⅞ 89	100	95¼	95⅝	−0⅛	−0⅞	5.37
World Bank 4⅞ 89	100	96¼	96½	−0⅛	+0⅛	5.14
World Bank 4¾ 89	150	90½	91	−0⅛	−1⅛	5.70
World Bank 4¾ 91	100	91⅛	91⅜	−0⅛	−0⅛	5.70

Average price changes... On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.5 83	30	91⅞	93⅛	0	0	8.40
Australia 6½ 88	20	87⅜	88⅞	−0⅛	−0⅛	8.68
EIB 7¾ 89	12	85½	87⅛	+0⅛	+0⅛	8.35
Finland 5.8 83	10	91⅛	92⅜	0	0	8.64
Finland 6.8 88	10	87⅞	89⅛	−0⅛	−0½	8.86
Finland, Rep. of 8⅛ 87	15	96⅛	87⅞	+0⅛	+0⅛	8.92

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 85 C$	60	93⅝	93⅞	−0⅛	−0½	12.27
CIBC 13½ 85 C$	50	101⅞	102⅛	−0⅛	+0½	12.83
CIBC 11½ 85 C$	60	95⅜	96¼	−0⅛	−0⅛	12.63
Federal Dev. 11½ 90 C$	90	93¼	93¾	−0⅛	−0⅛	12.68
Fst. Can. Inv. 10 84 C$	50	92	92½	−0⅛	−0⅛	12.88
GMAC 12 85 C$	50	†97¼	97¾	−0⅛	+0⅛	12.70
R. Bk. Canada 10 86 C$	40	92⅛	92⅞	0	0	11.81
Tordom Cpn. 13½ 85 C$	30	101⅞	102⅜	−0⅛	0	12.83
M. Bk. Dnmk. 8 91 EUA	25	93⅞	95⅛	−0⅛	+0⅛	9.81
SOFTE 8¾ 89 EUA	40	87⅞	89⅛	−0⅛	−0⅞	10.30
U. Bk. Nrwy. 9½ 90 EUA	18	98⅛	100	−0⅛	0	9.59
Algemene Bk. 8⅛ 84 Fl	75	95⅞	96⅜	−0⅛	−0⅛	9.43
Algemene Bk. 10⅛ 87 Fl	400	100⅞	101⅜	+0⅛	−0⅛	10.04
Bk. Mees & H. 10 85 Fl	75	99⅞	100⅜	−0⅛	+0⅛	9.96
Heineken NV 10 87 Fl	75	100⅛	100⅝	−0⅛	0	9.92
Ned. Gasunie 8⅛ 84 Fl	50	99⅝	100⅛	−0⅛	−0⅛	8.78
Norway 8⅛ 84 Fl	100	96⅞	97⅜	−0⅛	−0⅛	9.10
Philips Lamps 8⅛ 84 Fl	75	96⅛	97⅛	0	−0⅛	9.37
Air France 11 84 FFr	120	96⅛	97⅛	0	+0⅛	12.00
CECA 14¾ 86 FFr	150	105⅛	106⅛	0	0	12.69
Finland 11 84 FFr	80	95½	96½	+0⅛	+0⅛	12.25
Finland 11½ 89 FFr	70	93⅛	94½	+0⅛	+0⅛	12.62
Gaz de France 11 84 FFr	150	95⅛	96⅛	+0⅛	−0⅛	12.28
IBM France 11⅞ 84 FFr	120	97⅛	98⅛	+0⅛	−0⅛	12.52
Renault 9¾ 85 FFr	100	87⅛	88½	0	+0⅛	13.21
Saint-Gobain 9⅛ 86 FFr	130	86⅛	87⅛	−0⅛	+0⅛	13.11
Solvay et Cie 9¾ 87 FFr	125	85	86	+0⅛	+0⅛	13.11
Urd. Mex. Sta. 14 85 FFr	150	100	101	+1½	+1⅛	13.81
Beneficial Fin. 14¾ 90 £	20	99⅛	100⅛	−0⅛	+0⅛	14.27
Citicorp O/S 13½ 90 £	50	99½	100	0	+1	13.61
EIB 11½ 91 £	25	91	91⅛	−0⅛	+0⅛	13.01
Fin. for Ind. 12½ 89 £	30	96⅛	97	−0⅛	+1⅛	13.15
Fin. for Ind. 14½ 88 £	20	103	103½	−0⅛	+1⅛	13.73
Peugeot SA 14 90 £	23	98⅞	99⅛	−0⅛	−0⅛	14.15
Swed. Ex. Cr. 15⅛ 85 £	20	103⅛	103⅞	−0⅛	+1⅛	14.07
Benebrae 8½ 90 KD	7	†95⅛	95⅛	0	0	8.97
CCCE 8⅛ 91 KD	10	†93⅞	94⅛	0	0	9.00
Senetrash 8½ 90 KD	12	†94⅛	95⅛	0	−0⅛	9.31
Akzo 9⅛ 87 LuxFr	500	95⅛	96⅛	0	0	10.12
Euratom 8 87 LuxFr	500	88½	90⅛	−0⅛	0	10.13
Euratom 9⅛ 88 LuxFr	500	98⅛	99⅛	0	0	9.96
EIB 9⅛ 88 LuxFr	600	98⅛	99½	−0⅛	0	9.92
Volvo 9⅛ 87 LuxFr	500	96⅛	97⅛	0	−0⅛	10.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0⅛	98⅛	98⅝	2/1	10.44	10.61
Bank of Ireland 5⅛ 89	‡0⅛	97⅝	98⅛	21/8	11.91	12.05
Bank of Tokyo 5⅛ 89	‡0⅛	96⅛	97⅛	25/10	16.56	17.10
Barclays O/S Inv. 5 90	0⅛	97⅛	97⅞	13/12	9⅛	9.87
Bergen Bk. A/S 6 89	‡0⅛	96⅞	97⅛	29/8	10	10.30
Bilbao Int. NV 5⅛ 90	0⅛	96⅛	87⅛	29/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99⅛	99⅛	23/8	10.19	10.25
Citicorp O/S F. 84	‡0	98⅛	99	30/7	9.89	9.81
C. Itoh 5⅛ 87	0⅛	89	99½	18/9	19.44	19.68
Co-operative Bk. 8 88	0⅛	97⅛	98⅛	15/11	11.44	11.68
Creditanstalt 5½ 91	§‡0⅛	87	97⅛	14/9	9.44	8.70
CNT 5⅛ 86	§0⅛	100⅛	100⅛	16/10	18⅛	18.03
GZB 5⅛ 89	‡0⅛	97⅛	98⅛	1/11	9.81	10.03
Jugobanka 8 89	0⅞	90	92	23/11	11⅛	12.77
Ind. Bank Japan 5⅛ 87	0⅛	99½	100	15/10	18⅛	13.80
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅛	3/1	15⅛	16.22
LTCB Japan 5⅛ 98	0⅛	98	98⅛	13/12	9⅛	8.80
LTCB Japan 5½ 89	0⅛	98	98⅛	7/12	10⅛	10.31
Mfrs. Hen. O/S 5⅛ 94	‡0⅛	97⅛	97⅛	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0⅞	97⅛	98⅛	20/12	9⅛	9.68
Midland Intl. Fin. 5⅛ 92	0⅛	89	98⅛	5/12	10⅛	11.67
Nacional Fin. 6⅛ 86	0⅛	97½	98	25/1	9.89	9.91
Nat West 5⅛ 94	§0⅛	99⅛	99⅛	11/10	18⅛	18.72
Nippon Credit 6½ 86	0⅛	97½	97⅛	12/1	9.56	9.80
Nippon Credit 5⅛ 87	0⅛	97⅛	98⅛	5/11	10⅞	11.08
Royal Bk Scot 5⅛ 94	§‡0⅛	98⅛	98⅛	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0⅛	99½	100	3/10	20.06	20.11
Standard Chart. 5⅛ 90	0⅛	99	99⅛	6/9	17⅛	17.38
Svenska Hndlsbk. 5 87	0⅛	98⅛	98⅛	15/1	10	10.15
Sweden 8⅛ 91	‡0⅛	96	96½	12/10	18⅛	19.35
Williams & Glyn 5⅛ 91	0⅛	98⅛	98⅛	14/9	18½	18.81
Sq. S. d'Alg. 4⅛ 89 SF	0⅛	†91	91½	18/12	6⅛	6.71

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅛ 89	10/79	145	†118	119	0	−8.20
Ajinomoto 7⅛ 95	2/80	615.5	113	114	+3	−0.72
Alsa Int. Fin. 9½ 94	1/80	40	95⅛	96⅛	+0⅛	23.04
Apache I. Fin. 8⅛ 95	12/80	21.12	114⅛	115½	−0⅛	0.18
Asahi Optical 7 94	11/79	526.1	98⅛	99⅛	+1⅛	0.44
Blocker Energy 8⅛ 95	1/81	21.87	95	96⅛	−0⅛	19.53
Canon 6⅛ 94	8/79	570	107⅛	108⅛	+2	−0.01
Credit Suisse 4⅛ 93	10/79	1278	107⅛	109	+1½	−2.08
Daiei Inc. 6½ 94	11/79	927.3	98⅛	99⅛	+0⅛	28.95
DOKK 11 90	4/80	324	106⅛	107⅛	+0⅛	12.03
Dynalectron 9½ 95	8/80	12.22	106⅛	107⅛	−0½	2.43
Ensearch Fin. 9½ 94	7/80	30.25	117⅛	118⅛	−0⅛	−0.28
Meidensha Elec. 7 94	12/79	210	102⅛	103⅛	+0⅛	10.81
MEPC 9⅛ 96	2/81	2.47	102⅛	103⅛	+0⅛	12.53
Mitsubishi Cp. 6⅛ 94	10/79	549.1	123⅛	124⅛	+3⅛	2.90
Nippon Seiko 7⅛ 94	12/79	339	†107⅛	108⅛	+2	0.72
SBC 6⅛ 90	8/80	200	98⅛	99⅛	+0⅛	−36.90
Toshiba Cpn. 7⅛ 94	10/79	198	102⅛	103⅛	+2⅛	3.42
Union Bk. Switz. 5 89	2/80	121.4	98	99⅛	0	4.31
Fujitsu 5 84 DM	7/79	475	104⅛	105⅛	+0⅛	0.91
Kansai Elec. 4 84 DM	4/79	1210	87⅛	88⅛	+0⅛	40.58
Sharp Cpn. 6⅛ 89 DM	9/80	595	104⅛	105⅛	+2⅛	6.19
Uny Co. 6½ 85 DM	11/79	1071	97⅛	98⅛	−0⅛	22.41

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

PIRELLI

On the road to recovery

BY RUPERT CORNWELL, RECENTLY IN MILAN

ONE OF the more cheerful recent occasions for Pirelli SPA, the giant Italian tyre and cable group, was its annual meeting last month. Sig. Leopoldo Pirelli, president of the main holding company for the $4bn-a-year worldwide Pirelli empire, at last could produce concrete evidence of its long awaited recovery, particularly in the tyre sector which has been the nub of the group's problems over the past few years.

In a sense the news epitomises the curious reversal of roles between Fiat and Pirelli, traditionally the twin central pillars of private enterprise in Italy. While the Turin-based motor group has become steadily bogged down in a crisis of uncertain outcome, Pirelli is on the mend.

The change around also extends to the Dunlop/Pirelli union, sealed in 1971. At first the main difficulties sprang from the Italian end. But while Pirelli has improved its share of the tyre market in Europe, it is the turn of Dunlop to struggle, amid reports of a mysterious block of Dunlop Holdings' shares built up by as yet unidentified Far Eastern interests.

The union, whose main element has always been financial, is gradually unravelling. Dunlop's share in Industrie Pirelli, the Italian operating company of the group is down to 19 per cent; and at the start of 1980 Pirelli re-assumed control of its British subsidiary Pirelli Limited. While Dunlop appears to be shifting the focus to its non-tyre operations, Pirelli is out to bolster its tyre division, with a substantial investment programme, aimed at producing more competitive products.

Indeed, Pirelli has little choice if it wants to stay in a fiercely competitive sector plagued by overcapacity and requiring further rationalisation. "You have simply got to keep investing," said Sig. Filiberto Pittini, president of Industrie Pirelli. "If you stop then in the end you'll simply drop out of the industry."

Industrie Pirelli is planning to invest L72bn ($86.3m) in its Italian operations this year, up from L59bn. The spending is spread across the group's three divisions, tyres, cables and diversified products roughly in line with their relative importance to total sales: on this basis about 40 per cent of spending would go on tyres. Pirelli, however, has denied any intention of moving for Ceat, Italy's troubled number two tyre producer.

So far the remedy seems to be working. In the first six months of 1980 Industrie Pirelli's turnover was running 27 per cent ahead of 1979, when sales in the full year were L1,000bn. The biggest increases came in tyres and diversified products (both ahead 30 per cent) while cable business advanced by 18 per cent. According to Sig. Pittini, the improvement was spread roughly equally between volume and prices.

1979 WORLD TYRE OUTPUT

	Tyres per worker	Working days
U.S.	6,482	238
Japan	10,796	261
Germany	4,206	260
France	3,236	228
Italy	2,946	224
UK	2,269	214
Brazil	4,802	298
Argentina	2,580	281

Source: Pirelli/Dunlop

The improvement is also showing up in Pirelli's results. In 1979, the last year of Pirelli's residence in the giant skyscraper outside Milan railway station which it sold to the Lombardy Regional Authority for L26bn, Pirelli cut its losses to L18.5bn from L28.5bn in 1978. This year will show a further reduction, and a return to profits is expected for 1981.

These prospects, cautiously advanced by Sig. Pittini, are a combination of many factors. Working in Pirelli's favour is the financial reorganisation of 1979, the hiving off of the tyre division into a separate unit, a recapitalisation programme helped by a consortium of banks, and the consolidation of L100bn of short-term debt into medium-term borrowing.

In the nine months of 1980 for which this provision will operate, Pirelli's financial charges will be cut by between L11bn and L15bn. In a full year the gain will be between L15bn and L20bn, according to Sig. Pittini. In addition, tyre demand has grown, underpinned by the surprising resilience of the domestic Italian car market where new vehicle registrations increased by 12 per cent in the first half of 1980.

The cable division, moreover, has proved a valuable counterpoint during the period of tyre troubles. Pirelli has acquired interests in the U.S. from the General Cable group, and in France has purchased Trefimetaux, a specialist subsidiary of Pechiney-Ugine-Kuhlmann.

At the same time agreement has been reached for the acquisition from SME, a division of the state-owned Istituto per la Ricostruzione Industriale (IRI) group, of its 70 per cent controlling interests in Alfa-Cavi, Italy's third largest cable group. Major contracts have also been won in Vancouver (Canada) and in Libya.

But there are bad signs as well as good. Pirelli obviously could be hard hit by any major slump in the Italian and European car market, where Fiat, one of the group's prime customers, stands to be among the major sufferers. Financial charges, despite the recovery plan, remain high, while the cable division is a leading victim of the threatened investment cutback by the Italian telephone authorities.

Cables are so far the only Pirelli division to have had recourse to layoffs—for this very reason. And although the Government has recently moved to pump new funds into SIP, the state telephone concern, it remains to be seen whether cancelled investment programmes will be fully re-activated.

The most immediate problem is the recession feared for this autumn. Will things be just a bit worse, a lot worse, or will there be the slump feared in some quarters? Sig Pittini is as unsure as anyone else but is taking precautions. Stocks, for example, are being run down, in preparation for a possible rough ride ahead.

More fundamental is the eternal Italian problem of costs and productivity. Pirelli has been unable to introduce the price increases it would have wished in order to pass on higher labour costs. The tyre market is too competitive for that. Even so exports have fared comparatively poorly, when set against the domestic growth.

The question of productivity remains. Sig. Pittini is proud of the relatively smooth relations between management and unions at the group—a very different state of affairs from that at Fiat, where abrupt swings from heavy recruitment drives to pleas for heavy lay-offs are part of the background to the Turin manufacturers' current difficulties.

Moreover the recent national rubber workers' contract in Italy, he feels, is a step in the direction of improved productivity. But as the accompanying table shows Italy remains well down the international league. Pirelli's future in the tyre industry will largely depend on bringing productivity up to at least the better levels in Europe.

Overall, Pirelli's prospects look sounder than for some time. The increasingly multinational flavour of the group which employs 77,000 people, means that troubles in one area can be cushioned by successes in another. Italy, for example, accounts for only about 40 per cent of total business, while the Basle-based Societe Internationale Pirelli, which looks after Pirelli operations outside the Dunlop union and Italy, remains consistently profitable.

Norwegian shipping line moves ahead

By Fay Gjester in Oslo

LEIF HOEGH, a leading Norwegian shipping group, reports increased freight earnings and a rise in return on capital during the first half of 1980. The improvement reflects higher earnings by car and liner services, as well as "extraordinary" freight revenue.

Freight revenues from the fleet operated by Hoegh—including vessels chartered from other owners—rose to NKr 1.54bn ($317m) from NKr 1.19bn, and operating profit, before depreciation and interest payments, was NKr 266m against NKr 193m. Operating profit for the whole of 1980 is expected to reach about NKr 500m—NKr 46m up on 1979.

Return on capital—profit, before depreciation and interest, in relation to the fleet purchase price—rose to 12.8 per cent, compared with 9.8 per cent.

On June 30, the fleet being operated by the group comprised 57 vessels totalling about 3.3m dwt, including 15 chartered for periods of over 12 months.

At mid-year, the group's building programme covered a total of 13 ships—four roll-on/roll-off car carriers, three roll-on/roll-off liner vessels and six oil bulk-ore carriers.

Way cleared for takeover of Lafarge Emballage

BY DAVID WHITE IN PARIS

THE WAY is clear for a French takeover of the Lafarge cement group's packaging interests, which were originally sought by Sweden's Billerud Uddeholm.

The Swedish group's bid, which was accepted by Lafarge last September but which failed to gain approval of the French authorites, expired at the end of July. This leaves Lafarge free to make a final decision on a counter-bid made by the French pulp and paper company Cellulose du Pin, part of the Saint - Gobain Pont - a - Mousson group.

The case is an outstanding instance of the authorities' policy of encouraging "French solutions" when takeovers are planned in strategic sectors. Last week, after pressure from EEC partners, it relaxed the approval procedures for takeovers by companies from other countries in the nine, except in sensitive areas such as defence. But takeovers from outside the EEC remain subject to authorisation by a French Treasury Committee.

Cellulose is to buy all of Lafarge's 64 per cent stake in the Lafarge Emballage packaging offshoot and the 34 per cent stake held by Union Camp Corporation of the U.S., at a price of FFr 731 per share or about FFr 186m ($45m) in total. This compares with the Swedish group's offer of FFr 827 a share for 80 per cent of the total, which would have been worth FFr 110m to Lafarge.

In addition, Lafarge Emballage shareholders are to receive an advance on the 1980 dividend, equivalent to between half and two-thirds of the previous dividend. This brings the total being offered to between FFr 755.50 and FFr 763 per share. Lafarge, which has already described the offer from Cellulose as satisfactory, is to make its final decision on September 18.

In another move involving Lafarge and Saint-Gobain, the two groups recently announced that they were discussing co-operation between their refractory products divisions. Their subsidiaries are the two largest concerns in the sector in France.

● Cellulose yesterday announced plans for a FFr 32.4m rights issue and an issue of convertible debt up a maximum of FFr 200m. The rights issue is to be one-for-nine at FFr 75 a share.

Mannesmann Demag orders rise sharply

By Our Financial Staff

A HIGH LEVEL of incoming orders leads Mannesmann Demag, the West German machinery and construction company belonging to the Mannesmann engineering group, to expect satisfactory results this year.

The company makes this forecast despite a "stronger than expected" rise in materials costs. First-half incoming orders climbed DM 855m to DM 2.07bn ($1.17bn), with foreign orders up 90 per cent to DM 1.41bn and domestic orders rising 39 per cent.

Order books have increased by 36 per cent to DM 4.37bn, the company said in a letter to shareholders.

The company's worldwide sales totalled DM 1.16bn in the six months.

● The West German metal workers union, IG Metall, has called an extraordinary session of its executive committee for tomorrow to discuss a response to the breakdown in talks with Mannesmann AG on the proposed merger of its steel and pipemaking divisions.

Mannesmann's supervisory board is due to meet on September 15 to discuss its position.

Profits increase at Bornemisza

By Charles Batchelor in Amsterdam

THYSSEN-BORNEMISZA, the international industrial holding company, reports higher profits for the first half of 1980 despite a downturn in its U.S. operations.

Net profit rose 7 per cent to Fl 61.7m ($32m) on sales which were 10 per cent higher at Fl 1.73bn. Profits in Europe, where the company has harbour and transport, gas distribution, shipbuilding and agricultural machinery operations, were marginally higher than last year. The slight decline in the U.S. result reflected the recession in automobile and construction industries.

The Monaco-based TB holding company has two operating units, Thyssen - Bornemisza Europe, of Amsterdam, and Indian Head of New York. The company recorded net profit of Fl 126.6m for the whole of 1979 on sales of Fl 3.3bn.

Canon lifts forecast after strong first half

By Our Financial Staff

A STRONG first-half gain in after-tax profit of 70 per cent is reported by Canon, the Japanese manufacturer of cameras and business machines. In the period ended June 30, profits rose to Y7.82bn ($34.76m) compared with Y4.60bn on sales of Y116.81bn ($519m), up 37 per cent. The interim dividend is raised to Y5 from Y3.75. Earnings per share were up to Y30.22 from Y21.40.

Canon is now revising its after-tax profit forecast for the year to December 31 to a record Y15bn from Y12.5bn which the company predicted in February. The sales forecast has also been revised upwards to a record Y238bn from Y230bn.

Total sales included Y59.69bn of cameras, 34 per cent higher than a year earlier and Y57.12bn of calculators, copying machines and others, up by 40 per cent.

Sales of high-grade cameras advanced by 34 per cent from a year earlier, while sales of medium-grade cameras rose by 50 per cent, and those of copying machines by 57 per cent.

Exports totalled Y85.70bn, up 42 per cent from Y60.19bn a year earlier.

FINANCIAL RAND

Heavy gold share sales lead to fall

BY BERNARD SIMON IN JOHANNESBURG

THE FINANCIAL RAND, South Africa's investment currency, has sunk to its lowest level since early 1979. It stood at a mid-rate of 80.5 U.S. cents yesterday evening, a discount of almost 39 per cent to the commercial rand/dollar exchange rate.

The financial rand has been falling steadily since the end of May, when it stood at a discount of 26 per cent to the commercial rate. It reached a peak last January, when the discount narrowed to less than 10 per cent.

The financial rand rate is a function of share prices in Johannesburg relative to overseas markets, particularly London and New York. It reflects the premium which local investors pay for shares above their foreign counterparts.

Heavy sales of gold shares in Johannesburg by non-residents are one reason for the sharp drop in the financial rand rate this week. According to brokers, most of the selling has come from New York where several influential analysts have advised clients to move out of gold stocks. The nervous bullion market has further unsettled investors in equities.

The Johannesburg stock exchange gold index dropped by 19 points on Monday to 704.5, and fell further yesterday. The financial rand rate has fallen by 5 cents since last Friday. Dealers said there also appeared to be a large "overhang" of financial rands on the market. Disinvestment of capital from South Africa must be channelled through the financial rand market.

Another reason for the financial rand's current weakness is a drying up of foreign investment in non-listed ventures in South Africa. Since February, 1979, the authorities have allowed the FR to be used for the acquisition of a proprietary interest in non-quoted local companies and projects. Applications for this purpose totalling over R600m have been approved since then, but the amount of money flowing in over the past month or two has slowed to a trickle.

The financial rand has been a barometer of foreigners' assessment of the political outlook in South Africa.

Increased demand boosts Abercom earnings

BY DES KILALEA IN JOHANNESBURG

INCREASED DEMAND in all market sectors produced strong profit growth for Abercom, the South African engineering conglomerate, in the year to end-June.

Sales increased by 24 per cent to R164.1m ($215.92m) compared with R132.8m and the pre-tax profit rose by 52 per cent to R13.2m from R8.7m. At the after-tax level profits were a record R10.46m, some 35 per cent higher. Earnings per share at 31 cents increased by 6 per cent over the previous year despite dilution resulting from last year's rights issue of R10m.

The gross profit margin improved to 8.1 per cent from 8.6 per cent as demand in both the light and heavy engineering sectors surged ahead.

Abercom's tax rate increased from 11.2 per cent to 20.8 per cent, but still benefited from grant and investment allowances both in South Africa and in the UK.

In the heavy engineering division the subsidiary Consani has had management problems, but steps have been taken to alleviate the situation. The division enters the new financial year with improved order books and further profit increases are expected.

Margins in light engineering were adversely affected by factory relocations and workload difficulties. But with the moves over, and much better order books the division also expects higher profits in 1980-81.

The company's shares have advanced by 20 cents to 380 cents in the four days ahead of the announcement, but some brokers were disappointed by the small earnings a share increase.

Nevertheless, further benefits from last year's rights issue, the continuing strength in Abercom's markets, and tight management are expected to produce further strong growth this year.

Sharp increase in profits for Alcan Australia

BY JAMES FORTH IN SYDNEY

ALCAN AUSTRALIA, the local offshoot of the Canadian aluminium group, boosted profits by 44 per cent from A$7m to A$10.1m (US$11.7m) in the half year to end-June.

The directors said the Australian market for semi-fabricated products remained buoyant during the period but there were indications of the high growth rate slowing down. The buoyant market conditions had been influenced by a tight aluminium supply and minor quantities of ingot had been imported to satisfy total demand.

They said that the further commissioning of smelter facilities would enable the company more readily to meet future market demand for aluminium. The construction of a second line at the Kurri Kurri smelter near Newcastle, New South Wales, was nearing completion. Construction of the third line would start later this year and on completion the capacity of the plant would be 135,000 tonnes a year.

Group sales for the six months rose by 45 per cent, from A$59.5m to A$86.6m. The directors have increased the interim dividend from 5 cents to 7 cents. The bulk of the company's shares are owned by the Canadian parent, but some local institutions have an interest.

ACI sets up resources subsidiary

By Our Sydney Correspondent

AUSTRALIAN Consolidated Industries (ACI), the glass plastics and packaging group, has established a resources offshoot. The group revealed in its 1979-1980 annual accounts that a subsidiary known as ACI Resources had been established with an authorised capital of $A100m (equivalent to U.S.$117m). It is intended to provide a base for an expansion by ACI into minerals and energy.

The offshoot will handle initially the group's existing mining and processing activities in sand and limestone used in the packaging operations.

As opportunities presented themselves, the directors are looking to use the offshoot as a joint-venture partner in resource projects requiring Australian development capital. The directors said that several opportunities were being examined. ACI Resources might, it was said, eventually be floated as a separate public company.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar eases

The dollar lost ground in currency markets yesterday, despite a slightly firmer tendency in Euro-dollar rates. Movement in Euro-dollar rates have tended to dictate dollar movements just recently, and dealers were undecided as to why the pattern was not continued yesterday. Demand for the West German mark helped rumours of Bundesbank intervention, should the dollar continue to improve, while the dollar/yen rate showed a sharp movement in favour of the yen. Some sources suggested that the yen may have been over sold in recent weeks, which could account for the improvement yesterday. Yesterday's weaker trend in the dollar rate may therefore have been mainly a technical adjustment.

Against the Deutsche Mark the U.S. unit finished towards its low of the day at DM 1.7795, compared with DM 1.7825 on Monday, and SwFr 1.6405 from SwFr 1.6460 in terms of the Swiss franc. Against the yen it closed at Y222.90 from Y225.75 previously. On Bank of England figures, the dollar's index fell from 84.5 to 84.2.

Sterling was slightly weaker overall, and its trade weighted index fell to 75.3 from 75.5, having stood at 75.4 at noon and in the morning. Against the dollar it opened at $2.3680-2.3690 and rose to $2.3710, where it stayed for most of the morning. It dipped to $2.3690 just after noon, but improved later, as the dollar came on offer in New York to close at $2.3730-2.3740, a rise of just 15 points from Monday.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. Over the past few months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline in the dollar against the German currency—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, when the dollar was fixed at DM 1.7849, slightly down from Monday's figure of DM 1.7873. Despite a further rise in Euro-dollar rates, the dollar failed to respond, leading to speculation that the U.S. unit may have reached a temporary peak. There was also speculation that the Bundesbank may start selling dollars if the latter continues to improve. Elsewhere the D-mark was generally firmer, with sterling fixed at DM4.2310 compared with DM 4.2340 on Monday, and the French franc weaker at DM 43.19 per FFr 100 against DM 43.24. On the other hand the Swiss franc improved slightly to DM 1.0845 from DM 1.0821.

BELGIAN FRANC — Remaining steady within the EMS despite continued easing of domestic interest rates, including two cuts in the central bank discount rate in the past two months—The Belgian franc was weaker at yesterday's fixing in Brussels, reflecting in part yesterday's cut in Treasury bill rates. The dollar rose to BFr 28.50 from BFr 28.4925, and sterling was higher at BFr 67.55 against BFr 67.5475. Within the EMS, the D-mark was quoted at BFr 15.9695, higher than Monday's fixing of BFr 15.946, while the French franc improved to BFr 6.8958 from BFr 6.8942½.

JAPANESE YEN — Showing weaker trend once again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payment problems severely depressed the currency—The yen finished slightly firmer against the dollar yesterday, with trading in Tokyo described as moderate. The dollar was quoted at Y225.40 compared with an evening level of Y226.10 and Y226.50 at Monday's close.

THE POUND SPOT AND FORWARD

Aug. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3680-2.3740	2.3730-2.3740	1.47-1.37c pm	7.16	3.50-3.40 pm	5.81
Canada	2.7500-2.7580	2.7520-2.7530	1.60-1.50c pm	6.76	4.15-4.05 pm	5.96
Nethlnd.	4.59-4.62	4.59¾-4.60¾	3-2c pm	6.52	6⅛-7⅛ pm	6.63
Belgium	67.30-67.85	67.40-67.50	30-20c pm	4.45	80-70 pm	4.45
Denmark	13.04-13.08	13.04-13.05	⅛ore pm-⅞ dis	−0.11	3½-5 dis	−1.30
Ireland	1.1165-1.1220	1.1175-1.1185	0.03-0.05p dis	−0.48	0.03-0.07dis	−0.18
W. Ger.	4.21½-4.24½	4.22-4.23	3¼-2¼pf pm	2.10	9-8 pm	8.05
Portugal	117.10-117.75	117.35-117.65	35c pm-15 dis	1.02	50pm-70dis	−0.34
Spain	170.90-171.50	171.35-171.45	par-55c dis	−1.92	125-210 dis	−3.91
Italy	1,996½-2,000½	1,998½-1,999½	16-19 lire dis	−10.50	54½-57½d	−11.20
Norway	11.52½-11.56½	11.54-11.55	5¾-4¾ore pm	5.07	15½-13 pm	4.94
France	9.77½-9.81½	9.78-9.79	5¼-4¼c pm	5.82	13½-12½ pm	5.31
Sweden	9.87½-9.91	9.89¼-9.90¼	3½-2¾ore pm	3.62	7¼-7 pm	2.98
Japan	527-533	528½-529½	2.50-2.00y pm	5.10	7.10-6.60 pm	5.18
Austria	29.87-30.03	29.90-29.95	16-14gro pm	[illegible]	44-39 pm	5.55
Switz.	3.88-3.92	3.89-3.90	4-3c pm	10.78	11-10 pm	10.78

Belgian rate is for convertible francs. Financial franc 68.15-68.25. Six-month forward dollar 5.75-5.65c pm, 12-month 7.55-7.45c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3680-2.3740	2.3730-2.3740	1.47-1.37c pm	7.16	3.50-3.40 pm	6.61
Ireland†	2.1140-2.1220	2.1190-2.1220	1.30-1.20c pm	7.07	3.05-2.95 pm	5.66
Canada	1.1600-1.1628	1.1608-1.1611	0.02c pm-0.02 dis	—	0.04pm-0.01d	0.05
Nethlnd.	1.9222-1.9436	1.9370-1.9380	0.05c pm-0.05 dis	—	0.55-0.45 pm	1.03
Belgium	28.41-28.48½	28.41-28.43	4½-6c dis	−2.22	10-13 dis	−1.62
Denmark	5.5000-5.5125	5.5000-5.5015	3.10-3.60ore dis	−7.31	9.60-10.10d	−7.16
W. Ger.	1.7780-1.7870	1.7790-1.7800	0.22-0.18pf pm	1.35	1.07-1.02 pm	2.35
Portugal	49.40-49.60	49.40-49.60	15-35c dis	−6.07	45-95 dis	−5.66
Spain	72.15-72.29	72.15-72.20	40-60c dis	−8.31	150-180 dis	−9.14
Italy	842.80-843.25	842.80-843.10	11½-13 lire dis	−17.44	35-37 dis	−17.08
Norway	4.8625-4.8663	4.8625-4.8640	0.70-1.20ore dis	−2.34	1.15-1.65dis	−1.15
France	4.1240-4.1350	4.1240-4.1260	0.40-0.50c dis	−1.31	0.37-0.62dis	−0.43
Sweden	4.1675-4.1710	4.1700-4.1710	1.05-1.20ore dis	−3.24	2.85-3.00dis	−2.80
Japan	222.25-225.00	222.85-222.95	0.40-0.60y dis	−2.69	0.45-0.65dis	−0.99
Austria	12.60¾-12.65¾	12.60¾-12.61¾	0.90-1.50gro dis	−1.14	par-1.75dis	−0.28
Switz.	1.6380-1.6500	1.6400-1.6410	0.60-0.58c pm	4.31	2.23-2.16 pm	5.38

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 12	Bank of England Index	Morgan Guaranty Changes %
Sterling	76.3	−30.8
U.S. dollar	84.2	−6.4
Canadian dollar	81.1	−16.2
Austrian schilling	156.4	+24.2
Belgian franc	116.0	+13.0
Danish kroner	107.3	−4.0
Deutsche mark	164.9	+46.2
Swiss franc	122.1	+79.5
Guilder	126.2	+20.0
French franc	101.7	−6.6
Lire	63.1	−51.3
Yen	127.5	+25.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.554359	0.507607
U.S. $	10	1.31361	1.41684
Canadian $	10.31	1.52566	1.64013
Austria Sch	6¾	16.6303	17.8947
Belgium F	12	37.4280	40.3658
Danish K	13	7.25310	7.81600
D'mark	7½	2.34722	2.53090
Guilder	8	2.56431	2.73321
French Fr	9½	5.43046	5.85432
Lira	15	1107.67	1194.40
Yen	9	298.452	320.206
Norwgn. Kr	9	6.32262	6.89718
Spanish Pts.	8	94.6482	102.225
Swedish Kr.	10	5.48051	5.90203
Swiss Fr.	3	2.16746	2.33220

OTHER CURRENCIES

Aug. 12	£	$		£ Note Rates
Argentina Peso	4482-4502	1820-1827	Austria	29.75-30.05
Australia Dollar	2.0450-2.0490	0.8625-0.8630	Belgium	67.25-68.55
Brazil Cruzeiro	129.24-130.24	54.50-54.60	Denmark	12.22-13.02
Finland Markka	8.65-8.66	3.6415-3.6425	France	9.75-9.82
Greek Drachma	101.686-104.144	42.70-42.80	Germany	4.22-4.25
Hong Kong Dollar	11.76½-11.75½	4.9490-4.9510	Italy	1970-2090
Iran Rial	n.a.	n.a.	Japan	531-632
Kuwait Dinar (KD)	0.633-0.632	0.2677-0.2678	Netherlands	4.59½-4.62½
Luxembourg Frc.	67.40-67.60	28.41-28.43	Norway	11.47-11.57
Malaysia Dollar	5.0620-5.0940	2.1455-2.1475	Portugal	113-117
New Zealand Dlr.	2.4180-2.4230	1.0200-1.0310	Spain	166-172½
Saudi Arab. Riyal	7.83-7.92	3.3160-3.3210	Sweden	9.83-9.93
Singapore Dollar	5.0450-5.0620	2.1230-2.1270	Switzerland	3.88-3.91
Sth. African Rand	1.8040-1.8060	0.7600-0.7610	United States	2.3666-2.372
U.A.E. Dirham	8.71-8.77	3.6860-3.6010	Yugoslavia	63½-70

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3903	+1.51	+0.43	±1.53
Danish Krone	7.72336	7.80954	+1.12	+0.04	±1.64
German D-Mark	2.48208	2.52979	+1.92	+0.84	±1.125
French Franc	5.84700	5.85705	+0.17	−0.91	±1.3557
Dutch Guilder	2.74362	2.75359	+0.36	−0.72	±1.512
Irish Punt	0.668201	0.669562	+0.20	−0.88	±1.668
Italian Lira	1157.79	1194.22	+3.15	+2.34	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.374	4.225	522.0	9.726	3.896	4.603	1999.	2.733	67.46
U.S. Dollar	0.421	1.	1.780	222.9	4.123	1.641	1.939	842.2	1.150	28.42
Deutschemark	0.237	0.562	1.	125.2	2.316	0.922	1.089	473.1	0.651	15.96
Japanese Yen 1,000	1.890	4.487	7.987	1000.	18.50	7.363	8.700	3779.	5.203	127.5
French Franc 10	1.022	2.426	4.318	540.6	10.	3.981	4.704	2043.	2.813	68.93
Swiss Franc	0.257	0.609	1.085	135.8	2.512	1.	1.182	513.2	0.707	17.36
Dutch Guilder	0.217	0.516	0.918	114.2	2.126	0.846	1.	434.3	0.598	14.66
Italian Lira, 1,000	0.500	1.187	2.114	264.6	4.895	1.948	2.302	1000.	1.377	33.74
Canadian Dollar	0.363	0.862	1.535	192.2	3.555	1.415	1.672	726.2	1.	24.50
Belgian Franc 100	1.483	3.512	6.264	784.3	14.51	5.775	6.824	2964.	4.081	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 15/16	offer 10 15/16	bid 11 1/16	offer 11 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16-16¼	2¼-0½	2-10	2⅞-10⅛	6¾-7¼	2½-8⅝	11-11¼	15-19	—	14-16
7 days' notice	12⅝-12⅞	2¼-2½	0-10	0⅞-10⅛	5¼-5¾	8½-8⅝	11-11¼	21-65	—	11⅛-11¾
Month	16½-16¾	2¾-10	10-10⅝	2¾-9⅞	5¾-6⅞	6½-8⅝	11-11¼	25½-27½	—	11⅝-11⅞
Three months	16⅝-12⅞	10 1/16-10 3/16	10⅜-10¾	0⅝-2¾	5 1/16-5 3/16	2 1/16-8 1/16	11-11¼	26½-22	—	11⅜-11⅝
Six months	16⅞-16⅛	10 1/16-11 1/16	10¾-11⅛	2½-2⅝	5 1/16-5 3/16	7 15/16-8 1/16	11⅛-11⅜	25½-37	—	10⅝-10⅞
One Year	14⅝-14⅞	11⅛-11⅜	10⅞-11¼	2½-2⅝	6⅛-5¼	7⅞-8	11⅜-11⅝	23-64½	—	9¾-10

Long-term Eurodollar two years 11⅜-11⅝ per cent; three years 11⅝-11⅞ per cent; four years 11⅞-12⅛ per cent; five years 12⅛-12⅜ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.70-9.80 per cent; three-months 10.10-10.20 per cent; six-months 10.30-10.40 per cent; one year 10.40-10.50 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates down

Belgian interest rates continued to fall yesterday, with the central bank announcing further cuts in Treasury bill rates. One, two and three-month rates have been cut by 0.25 per cent to 12.25 per cent. for one-month and two-month, and to 12.50 per cent for three-month certificates. At the same time yesterday's weekly auction of four month bond fund paper saw the rate fall to 12.75 per cent from 12.9 per cent. Six and nine-month Treasury bill rates have also been cut, having last been changed on July 8. Six-month bills now stand at 12.75 per cent against 13.25 per cent previously, and nine-month at 12.75 per cent from 13.1 per cent.

Domestic rates have been steadily reduced since the Lombard and discount rates were cut on the last day of July, and marks a continued relaxation in interest rates now that the Belgian franc is comfortably placed in the European Monetary System.

In Paris call money continued to show an easier tendency, and was quoted at 11 per cent, down from Monday's level of 11⅛ per cent. Period rates were also up to 1/16 of a point down. Meanwhile the Bank of France announced an auction of a further FFr 2.6bn of 12-month Treasury bills to be held on August 18. The previous auction was held on August 5, giving a yield of 11.594 per cent.

In Frankfurt call money was quoted at 8.9-9.1 per cent compared with 9.20-9.25 per cent on Monday, and represents the first fall below 9 per cent for two months. Dealers speculated that the Bundesbank may cut the Lombard rate at the next meeting of the Bundesbank central council on August 21, even though funds may be less easily obtained later this month, when tax payments become due.

MONEY RATES

NEW YORK	
Prime Rate	11
Fed. Funds	8⅞-9
Treasury Bills (13-week)	8.64
Treasury Bills (26-week)	8.84
GERMANY	
Discount Rate	7.5
Overnight Rate	9.0
One month	9.325
Three months	9.125
Six months	8.70
FRANCE	
Discount Rate	9.5
Overnight Rate	11.0
One month	11.0
Three months	11.0
Six months	11.0
JAPAN	
Discount Rate	6.0
Call (Unconditional)	12.375
Bills Discount (three-month)	12.6875

GOLD

Further fall

Gold continued to ease in the London bullion market yesterday, closing $7 an ounce down from Monday's close at $609-612. At one point the metal was as low as $603-605, with some dealers suggesting that the seasonal low level of trading was creating little demand for the metal, which was contributing to the easier trend.

In Paris the 12½ kilo bar was fixed at FFr 82,500 per kilo ($620.71 per ounce) compared with FFr 82,900 ($623.95) in the morning and FFr 82,700 ($622.21) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,265 per kilo ($614.47 per ounce) against DM 35,450 ($617.04) previously, and closed at $604-606 compared with $616-619 on Monday.

In Zurich gold finished at $606-609 against $615-618 previously.

	Aug. 12		Aug. 11	
Gold Bullion (fine ounce)				
Close	$609-612	(£256¾-258¼)	$616-619	(£260¾-261¼)
Opening	$612-614	(£258-252)	$621-624	(£262-263½)
Morning fixing	$616.25	(£252.522)	$614.60	(£259.150)
Afternoon fixing	$606	(£254.896)	$617	(£260.041)
Gold Coins				
Krugerrand	$630-634	(£266¼-262¼)	$665-637	(£267½-269½)
Mapleleaf	$624-626	(£263-265)	$629-633	(£226¼-267¼)
New Sovereigns	$154¾-155¾	(£65¼-66¼)	$156-157	(£65¾-66¾)
King Sovs.	$181-183	(£76¼-77¼)	$184½-186½	(£77¾-78¾)
Victoria Sovs.	$181-183	(£76¼-77¼)	$184½-186½	(£77¾-78¾)
French 20s	$160½-162½		$160-163	
50 pesos Mexico	$763-757		$764-769	
100 Cor. Austria	$625-609		$606-606	
$20 Eagles	$742-746		$745-749	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Continued shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills and local authority bills, direct from discount houses, and small loans to one or two houses at MLR, for repayment today.

In the interbank market overnight loans opened at 15⅞-16⅛ per cent and rose on the unexpected forecast of a large shortage to 16¼-16½ per cent. Rates came back later in the day and closed at 15½-15¾ per cent.

LONDON MONEY RATES

Aug. 12 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	16-16⅛	—	—	—	16¼-16½	15-16	—	—	—
2 days notice	—	—	16⅝-16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16⅝	16⅛	—	16⅝	16⅝-16¾	15⅛-15¾	—	—	—
One month	16⅝-16⅜	16⅛-16⅝	16⅛-16⅝	17¾-18⅛	16⅞	16⅞-17	15⅝-15¾	[illegible]	[illegible]	17⅛
Two months	[illegible]	16⅛-16⅝	—	17⅛-17⅝	16⅞	—	15⅜-15½	[illegible]	[illegible]	16¾
Three months	[illegible]	[illegible]	16¼-16½	16½-17	[illegible]	16⅞	15⅛	[illegible]	[illegible]	16⅝
Six months	15¾-15⅝	15⅞-16	15⅝-16¾	16⅛-16	16¼	16⅝	—	—	[illegible]	15¼
Nine months	[illegible]	16¼-15⅝	—	16¼-15¾	15⅝	15⅛	—	—	—	—
One Year	14½-14¼	14¾-14⅛	14⅜-14⅝	14½-14⅞	[illegible]	16¼	—	—	—	—
Two years	—	—	14-14½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 13⅞-14¼ per cent; four years 13¾-14¼ per cent; five years 13¾-14¼ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝-15 7/16 per cent; four-month trade bills 16¼ per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent; one-month trade bills 16⅞ per cent; two-months 16½ per cent; and three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rate for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills Average tender rates of discount 14.9565 per cent.

WORLD STOCK MARKETS

Wall St. mixed at mid session

IN HEAVY two-way trading yesterday morning, Wall Street stocks put on a mixed performance with the market apparently consolidating its position after the recent marked buoyancy.

The Dow Jones Industrial Average, which on Monday moved ahead 9.39 more to its highest closing point for almost 3½ years, fluctuated a little before recording a slight net improvement of 0.34 at 964.42 at 1 pm. The NYSE All Common Index gained 17 cents to a new record high of $71.62, although rises and falls were about even at mid-session. Trading volume sharply increased to 37.71m shares from the previous day's 1 pm level of 27.75m.

Computer issues extended recent gains. IBM rose $1 to $67⅞, Honeywell 1⅞ to $93¼, Digital Equipment 1⅝ to $88⅝, and Burroughs 1¼ to $72.

Most Blue Chip issues, however, after Monday's late rise, had only small price changes hardener ⅛ more to $53, while yesterday. American Telephone Allied Chemical put on ⅝ to $53¼.

Leading Oils were little changed, while some Gold Mining issues, after Monday's weakness, had fractional gains.

J C Penney lost ⅛ to $27⅞ on reporting lower second-quarter earnings, which it said would be turned into a loss excluding insurance earnings.

J. Ray McDermott, on reduced fiscal first-quarter profits, receded 1⅛ to $32½.

Santa Fe International, in contrast, advanced 2⅛ to $42 on sharply higher second-quarter profits. Sony topped the New York consolidated actives list and rose 1⅛ to $12⅛.

THE AMERICAN SE Market Value Index was 1.29 higher at 323.54 at 1 pm. Volume 3.78m shares.

Canada

Golds remained easier-inclined, but most other sectors made further headway early yesterday. The Toronto Composite Index was 11.7 stronger at a record 2,258.5 at noon, but the Golds index was 64.1 lower at 4,648.5.

Tokyo

The fresh overnight Wall Street advance prompted active selective foreign buying on the Tokyo market yesterday for Blue Chips and Populars, although speculative issues mostly lost ground and the overall trend was mixed to easier.

The Nikkei-Dow Jones Average improved 23.14 to 6,801.68 and the Tokyo SE index was 1.59 higher at 471.60, but falls outscored advancing issues by 339 to 300 on the First Market section. Turnover expanded to 350m shares (250m).

Trading Houses were well favoured, Mitsui rising Y23 to Y413, Mitsubishi Y25 to Y684, and C. Itoh Y22 to Y414.

Light Electricals put on a fresh show of strength. Sony climbing Y110 to Y2,430, Pioneer Electronic Y60 to Y2,160, Victor of Japan Y90 to Y1,870, and Matsushita Communications Y50 to Y2,040. Elsewhere, Olympus gained Y24 to Y920, while large-capitals also met demand.

Oils moved further ahead, Arabian Oil adding Y90 at Y2,700 and Nippon Oil Y70 at Y1,290.

Among speculatives, however, Nippon Signal retreated Y23 to Y395, Japan Wool Y16 to Y501, and Shin Dengen Y10 to Y1,270.

Germany

Bourse prices again failed to establish a clear trend, with an easier Domestic Bond market adversely affecting the stock market undertone but selective institutional buying lifting some leaders following the overnight Wall Street advance. The Commerzbank index slipped 1.5 to 747.3.

Among Engineerings, Demag rose DM 4.50 to DM 140.50, GHH DM 2 to DM 222 and Linde also DM 2 to DM 337, but Mannesmann declined DM 2.40 to DM 125.30.

In the Stores sector, Horten gained DM 4 to DM 146.50 but Kaufhof lost DM 3 to DM 182. Varta put on DM 3 to DM 178 in Electricals.

The Domestic Bond market, after recent firmness, mainly showed declines ranging to 50 pfennigs. The Bundesbank bought DM 5m nominal of paper after selling DM 5.5m on Monday.

Australia

Overseas interest slackened after Monday's upsurge on Australian markets, and stock prices finished on a rather mixed note. The Sydney All Ordinaries index which advanced 16 points the previous day to an all-time peak, shed 2.27 to 953.71. The Metals and Minerals index lost 17.18 of Monday's 183.38 rise to close at 6,120.01.

Among recently strong Oils, Woodside receded 15 cents to A$2.95, Santos 30 cents to A$14.00 and Lennard Oil 10 cents to A$1.50, but Bridge Oil advanced 25 cents to A$5.00, Hartogen 20 cents to A$5.10 and Central Pacific A$2.50 to A$60.50.

Strata Oil rose 12 cents to A$2.62 on reporting a test which produced a gas flow of 20m cu ft a day at the Woodada No. 2 well near Perth.

Utah Mining gained 6 cents more to A$5.26 in Coals, while Pancontinental added 20 cents at A$7.50, among Uraniums, but Peko-Wallsend shed 10 cents to A$8.90.

A report of more promising mineralisation at the Golden Grove copper-lead-zinc prospect in Western Australia pushed EZ 16 cents higher to A$6.76 and Golden Grove up 5 cents to 75 cents.

Golds mainly held up well despite the overnight fall in the Bullion price, but Bougainville relinquished 11 cents to A$2.54.

On the Industrials boards, market leader BHP reacted 15 cents to A$15.20.

Paris

Shares were mixed in quiet dealings, with news of a further cut in the French Call Money rate to 11 per cent yesterday morning, its lowest level for over a year, making little apparent impact on sentiment.

Oils mostly turned easier, with Francaise des Petroles declining FFr 7.9 to FFr 238.

The Construction group Bouygues, which announced higher first-half turnover, edged up FFr 1 to FFr 650, while BSN Gervais Danone, the Foods group, moved up FFr 4 to FFr 1,034 after posting higher first-half sales.

Hong Kong

The market showed some recovery after an easier start to finish on a mixed note. Dealers said trading opened uncertainly and sellers emerged in the absence of any stimulating news, but second-liners and some Property shares in particular attracted renewed local support during the afternoon. There was a fairly large turnover of HK$325.18m on the four stock exchanges, against Monday's HK$263.10m, while the Hang Seng index was slightly harder on balance at 1,136.41, up 0.65.

Swire Pacific "A" rose 35 cents to HK$ 8.85 and Swire Properties 45 cents to HK$5.85, while Cheung Kong put on 30 cents to HK$21.20, Associated Hotels 30 cents to HK$.30 and SHK Properties 10 cents to HK$16.30.

Johannesburg

Gold shares lost further ground on the fall in the international Bullion price, although selling pressure was fairly light.

Heavyweight gold producers were marked down as by much as 300 cents, as in Western Holdings, R88.50, but with most losses in the 100 to 200 cents range.

Mining Financials mirrored the easier trend, while Coppers and Platinums tended lower. Industrials were quietly mixed with a firm undertone.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Aug. 11	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug 4	1980 High	1980 Low	Since Compil't'n High	Since Compil't'n Low
♦Industr'ls	964.88	954.88	950.84	958.28	928.78	861.96	964.06 (11/8)	759.13 (21/4)	1051.76 (11/73)	41.22 (2/7/32)
H'me B'nds	70.77	76.95	76.94	71.07	71.08	71.50	76.81 (25/6)	63.07 (28/3)	—	—
Transport	317.65	316.17	314.31	311.61	310.47	310.31	317.05 (11/8)	233.89 (27/3)	317.65 (11/8/80)	12.23 (8/7/32)
Utilities	119.28	110.41	109.68	108.99	180.21	109.46	116.88 (8/7)	88.64 (27/3)	163.32 (20/4/69)	16.62 (28/4/42)
TradingVol 000's	44,630	58,860	81,820	45,050	45,310	41,560	—	—	—	—

Day's high 966.89 low 960.43

Ind. div. yield %	Aug. 1	July 25	July 18	Year ago (approx
	2.69	6.76	6.72	5.73

STANDARD AND POORS

	Aug. 11	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug 4	1980 High	1980 Low	Since Compil't'n High	Since Compil't'n Low
‡Indust'ls	141.73	140.28	138.93	137.77	136.76	137.00	141.73 (11/8)	111.09 (27/7)	141.76 (11/8/80)	3.52 (30/6/32)
§Composite	124.78	123.91	123.30	121.55	120.74	120.98	124.79 (11/8)	98.22 (13.2)	125.85 (11/1/73)	4.40 (1/6/39)

	Aug. 6	July 30	July 23	Year ago (approx
Ind. div. yield %	4.81	4.78	4.79	5.13
Ind. P/E Ratio	8.12	8.23	8.30	8.21
Long Gov. Bond Yield	10.71	10.57	10.14	8.85

N.Y.S.E. ALL COMMON

Aug. 11	Aug 8	Aug. 7	Aug. 6	1980 High	1980 Low
71.45	70.81	70.60	69.23	71.45 (11/8)	56.30 (27/3)

Rises and Falls	Aug. 11	Aug. 8	Aug 7
Issues Traded	1,916	1,914	1,913
Rises	964	829	1,145
Falls	594	635	460
Unchanged	358	380	308
New Highs	112	233	192
New Lows	3	1	0

MONTREAL

	Aug. 11	Aug 8	Aug. 7	Aug. 6	1980 High	1980 Low
Industrial	402.84	397.20	395.40	388.20	423.88 (29/2)	326.21 (27/3)
Combined	372.53	368.85	364.50	380.56	376.30 (29/2)	288.38 (27/3)
TORONTO Composite	2248.3	2225.4	2205.1	2179.7	2248.6 (11/6)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Warner-Lambert	1,148,600	20⅝	+1
Am. Tel. & Tel.	787,000	53¼	+1⅛
Sony	771,900	10⅛	+⅛
Middle S. Util.	634,700	12½	−⅛
Ralston Purina	610,900	12⅛	+⅛
Citicorp	517,900	23⅛	+½
Int. Tel. & Tel.	515,000	31⅛	+½
Gt. Atl. Pac.	430,300	5⅞	+⅛
IBM	424,300	66⅞	+1½
Nat. Semicndtr.	390,100	37⅛	+2⅛

	Aug. 12	Aug. 11	Aug. 8	Aug. 7	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1/1/80)	953.71	955.98	939.97	931.72	955.98 (11/8)	760.90 (2/1)
Metals & Minls (1/1/80)	6120.01	6137.19	5958.61	5865.44	6590.25 (14/2)	4581.26 (23/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.68	67.54	67.76	67.85	69.40 (7/1)	66.95 (23/6)
BELGIUM						
Belgian SE (31/12/63)	96.69	96.62	95.41	94.85	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	87.20	86.95	86.81	85.98	87.20 (12/8)	74.79 (5/3)
FRANCE						
CAC General (29/12/61)	109.5	109.7	109.60	108.9	117.0 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	113.8	114.0	113.80	112.7	114.0 (11/8)	95.6 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	237.89	237.78	238.53	235.74	238.99 (25/2)	212.75 (28/3)
Commerzbank(Dec.1953	747.3	748.0	744.90	741.1	743.2 (25/2)	667.6 (27/3)
HOLLAND						
ANP-CBS General (1970)	87.8	87.9	87.7	86.3	88.0 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	67.7	67.8	67.6	66.5	69.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank(31/7/64)	1136.41	1135.76	1129.49	1140.26	1168.74 (30/7)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	117.75	117.48	115.00	115.09	117.75 (12/8)	83.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6801.68	6778.54	6771.52	6769.89	6804.21 (26/4)	5475.96 (27/3)
Tokyo New SE (4/1/68)	471.60	470.01	467.60	465.81	473.65 (26/6)	449.91 (10/3)
NORWAY						
Oslo SE (1/1/72)	128.87	128.83	125.75	124.95	144.70 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	(c)	581.38	580.09	582.88	682.96 (31/7)	429.75 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	785.4	788.1	774.1	785.1 (8/8)	645.5 (2/7)
Industrial (1958)	(u)	601.0	598.9	603.1	601.8 (11.8)	456.6 (2/1)
SPAIN						
Madrid SE (28/12/79)	104.07	(c)	104.12	103.94	104.22 (5/8)	95.78 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	378.95	369.70	371.06	373.19	386.98 (8/2)	334.72 (17/1)
SWITZERLAND						
SwissBank Co. (31/12/58)	316.1	308.3	309.5	306.6	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	149.2	148.9	147.6	149.2 (11/8)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK (stock prices)

Stock	Aug. 11	Aug. 8
Cincinnati Mil.	60⅛	61
Citicorp	23⅛	22⅝
Cities Service	34⅛	33
City Investg.	24½	24⅝
Clark Equipment	35⅛	35
Cleve Cliffs Iron	33	31¾
Clorox	10¾	10⅜
Cluett Peaby	10⅝	10
Coca Cola	38	38
Coca Btl. NY	6¾	8⅝
Colgate Palm	15½	15⅜
Collins Aikman	9	8⅛
Colt Inds	47⅝	47¼
Genuine Parts	26½	27¼
Georgia Pac.	22⅝	29⅛
Geosource	79½	79¾
Gerber Prod.	23	22¾
Getty Oil	81¼	81¾
Giddings Lewis	33	32¼
Gillette	28⅛	28⅛
Global Marine	40½	39⅞
Goodrich (BF)	21½	21¾
Goodyear Tire	16⅛	18⅛
Gould	26½	27
Grace	45	44⅜
Grainger (WW)	35⅛	35⅜
Safeway Stores	33⅝	33⅝
St. Joe Minls	58⅜	62
St. Louis-San F.	78¼	78
St. Paul Cos.	35⅝	35⅞
St. Regis Paper	32⅛	32
Santa Fe Inds	59⅛	68⅛
Santa Fe Intl.	39⅛	38⅞
Saul Invest	9⅞	10
Saxon Inds	6⅞	6⅞
Schering Plo.	42¾	42¾
Winn-Dixie Str.	29⅞	30⅛
Winnebago	2½	2⅜
Wisc Elec Power	23⅛	23⅛
Woolworth	23⅛	22⅝
Wrigley	31⅞	32½
Wyly	11⅞	12
Xerox	61⅞	60¼
Yellow Frt Sys	17⅝	17⅜
Zapata	48¼	46
Zenith Rad	15¼	14⅞

AUSTRALIA

Aug. 12	Price Aust. $	+ or −
AHZ Group	4.86	+0.02
Aerow Aust	1.10	....
Allstate Expl.	1.88	−0.02
Ampol Pet.	1.40	+0.02
Assoc. Pulp Pap.	2.05	....
Audimco	0.22	+0.01
Aust Cons Ind.	2.23	+0.03

JAPAN (continued)

Aug. 12	Price Yen	+ or −
Kubota	375	+1
Kumagai	400	....
Kyoto Ceramic	3,850	+120
Lion	400	....
Maeda Cons.	508	+2
Makita	1,160	+50
Marubeni	404	+11

HOLLAND

Aug. 12	Price Fls.	+ or −
ACF Holding	74.3	+0.3
Ahold	77.6	+0.3
AKZO	22.8	−0.1
ABN	320.5	−1
AMEV	89.1	+0.5
AMRO	62	−1

BELGIUM (continued)

Aug. 12	Price Frs.	+ or −
Petrofina	4,560	+30
Royale Belge	5,660	−60
Soc Gen Banq	2,600	−5
Soc Gen Belge	1,422	−24
Sofina	3,470	+10
Solvay	2,700	....
Traction Elect.	2,550	−5

CANADA

Stock	Aug. 11	Aug. 8
Abitibi	20⅜	20½
Agnico Eagle	13⅛	14¾
Alcan Alumn.	40⅝	40
Algoma Steel	40½	39
Asbestos	4½	35⅛
Bk Montreal	30¼	30

COMMODITIES AND AGRICULTURE

World grain estimates cut after U.S. drought

WASHINGTON — Total 1980-81 world grain output, as of August 1, is forecast at 1,588m tonnes, 1 per cent down on the July 1 projection but 2 per cent above 1979-80, the U.S. Agriculture Department (USDA) said in its monthly circular.

Sharply reduced prospects in the U.S. and smaller than expected returns for the Soviet Union and Eastern Europe were given as the major reasons.

World wheat production is put at 443m tonnes, down slightly from last month, but still 6 per cent above 1979-80.

Prospects have deteriorated in the Soviet Union and East Europe, but have improved slightly in West Europe, Turkey, Australia, and parts of Canada.

World 1980-81 coarse grain production is projected at 721m tonnes, down 3 per cent from July 1 and 1 per cent below 1979-80, mainly due to deteriorating U.S. crop prospects.

The world rice crop forecast is virtually unchanged at 394m tonnes.

World cotton production is projected at 64.9m bales, slightly below last season's record crop.

Although sharply lower yields point to a 12 per cent decline in the U.S. to 12.8m bales, output abroad may increase to 52.1m, 02.m above the July 1 projection.
Reuter

Our Commodities staff writes: On Monday the USDA announced that it had cut its U.S. feed grains harvest estimate by 16 per cent because of the heat-wave and ensuing drought which hit crop development in the country's farm belt in June.

It now puts the total at 197m tonnes this year, down from a bumper 234m in 1979. Demand is expected to amount to 231m tonnes.

This means that U.S. feedgrain stocks, which amount to only 25m tonnes, will be wiped out.

Wheat production was not affected, the USDA said.

UK barley offers climb

BY OUR COMMODITIES STAFF

OFFERINGS of UK barley into intervention continue to be heavy, the Home-Grown Cereals Authority said yesterday.

By last Friday they had reached 82,000 tonnes for this season, nearly 50,000 tonnes more than was offered in total in preceding seasons since the intervention system began operating in Britain four years ago.

Commercial stores have had to be hired to supplement the Government-owned ones to deal with the unprecedented flood of offers.

These have been caused by depressed market prices which are £8-£10 a tonne below the intervention price—a gap which comfortably covers the £3-£4 a tonne it costs farmers and merchants to deliver barley to the stores.

The intervention system is designed to support prices by taking supplies off the market when prices fall.

The HGCA said reports from local representatives indicated that the barley offered was generally up to intervention standards. Rejections, usually for excess moisture, had been few, it said.

France increases farm trade surplus

By David White in Paris

THE IMPROVEMENT in France's trade balance in the farm and food sector accelerated in the first half of this year, with a surplus of FFr 7.65bn (£780m), more than twice as much as in the same period of 1979.

And, in spite of poor weather conditions in June and July, forecasts for this year's harvests are fairly optimistic.

The Agriculture Ministry is predicting an overall increase of 4 to 5 per cent in output, and wheat production is expected to reach a record of up to 22m tonnes.

Exports in the first half of this year rose by 17.6 per cent to FFr 37.9bn, while imports were barely 6 per cent higher at FFr 30.25bn.

The surplus, which compared with FFr 3.8bn in the first half of last year, was mainly attributable to cereals and flour, the drink business, dairy products and sugar.

Outside the EEC, France's exports soared by more than 41 per cent in value. Sales within the nine, on the other hand, expanded by only 5 per cent.

HONG KONG COMMODITY EXCHANGE

Japan offers new lease of life

BY RICHARD COWPER

IN THE autumn of last year Hong Kong's three-year-old commodities exchange looked as if it had finally given up the ghost. Trading on its two markets—cotton and sugar futures—was non-existent and there were few if any signs of a new lease of life on the horizon.

Then last November, in what at the time appeared to some to be clutching at straws, Mr. Peter Scales, the head of the exchange, called in the rescue what one broker described as a "relatively inexperienced Japanese cavalry."

The outcome was that nine Japanese traders got together, suggested the launching of a third commodity—soyabeans—got the exchange to accept that dealing in soyabean futures should follow the group trading practice used in Japan, and agreed to become the market makers for the new contract which was to be for delivery in Japan.

That Mr. Scales was obliged to do this may be as much a testament to his failure to attract sufficient local Chinese interest from the outset through lack of consultation as it was to the brave incisive bid of a natural entrepreneur spotting the only way of bringing a failing proposition back to life.

That said, however, the experiment has given Hong Kong a third futures contract and a unique trading mix of East and West that could in the end prove to have been the turning point for a market that nearly died.

Trade in soyabeans, though minute compared with turnover on the U.S. and Japanese markets, has been reasonably firm. And the nine Japanese brokers, who last year clubbed together to start it off, started dealing in sugar and cotton two months ago.

New all eyes are on the fourth addition to the fledgling exchange—gold futures. Many hope that a successful gold take-off in conjunction with the growing Japanese interest in international commodity dealing, will provide the exchange with the firm trading base it so badly needs.

When the exchange started life in May 1977 with a cotton futures contract that many thought was ideally placed to tap a strong regional market—Asian textile producers consume about 30 per cent of world cotton production—hopes were high that Hong Kong's latest addition to its spot gold and stockmarkets would have a trouble-free birth.

A sugar contract was introduced in November the same year, but neither ever really took off. A year later both were virtually dead.

The failure of the cotton futures market was largely because the all-powerful Shanghainese cotton spinners were not sufficiently consulted at the outset.

The one group that could have given the market substantial volume had boycotted it and continued to buy in the open market.

Nor was the timing auspicious Cotton was launched on an established downtrend, which though profitable to seasoned operators, was a costly introduction for most new investors.

The pattern of decline in the two markets was distressingly similar. In May 1977, 1,696 cotton lots were traded, by December it was down to 961.

After what can only be described as a dismal second year—the average monthly cotton turnover was 576 lots—trading came to a complete halt in April 1979.

Sugar traded 1,410 lots in its first six weeks, and then managed a total of only 2,323 lots for the whole of 1978. Sugar trading too had stopped altogether by April last year.

If the Japanese were to accept the role of market makers, they wanted to use a trading system with which they were familiar.

Not yet having mastered the intricacies and seeming chaos of the "open outcry" system used in the West, they wanted the soyabean contract to follow the Japanese group trading method.

Similar to the London gold fix—with bids and offers coming in, and parties accepting a common price through the chairman—the group system is much more orderly than open outcry.

Their request accepted, Hong Kong was now in the unique position of operating an exchange with two entirely different methods of trading.

The futures market in soyabeans was launched in November last year, and though hardly spectacular has shown much healthier signs than its two sickly predecessors.

In the first seven months of trading to the end of May 1980, average monthly turnover was 6,800 lots, while in the first five trading months recorded, turnover was about HK$750m—and a record 11,833 lots changed hands.

What he calls the "fairly convincing" start to soyabeans encouraged Mr. Scales to look for a way to make dealing in sugar and cotton more attractive to the Japanese.

The result was that two months ago trading in the two commodities reopened after a year of almost total inactivity with a trading method mix found nowhere else in the world.

"We went for a compromise between East and West. Opening and closing calls are on a group trading basis — those in between follow the open outcry."

Though it is too early to tell whether the Japanese will successfully resuscitate sugar and cotton futures trading, the signs are encouraging. In the first two months 2,501 lots of cotton and 3,799 lots of sugar were traded.

Activity on the exchange is now largely dominated by the Japanese.

The gold contract will be the only one on the exchange to use only the "open outcry" system.

With the colony hoping to replace Singapore as Asia's leading gold futures market and the Japanese firmly committed to operating in Hong Kong, traders hope that before the year is out the colony's commodities exchange will be placed securely on the world map.

Call for pig disease programme

By Our Commodities Staff

BRITISH PIG farmers want the Government to undertake a full-scale eradication programme to deal with Aujeszky's disease, even if it has to be done at their own expense.

The disease, which is usually fatal when it affects piglets, poses a serious threat to the British pig herd.

The Ministry of Agriculture has concluded that a compulsory slaughter policy for the disease, which is a pseudo-rabies, with compensation at the public expense is not justified.

But a survey of pig farmers undertaken by the National Farmers' Union has revealed considerable support for an industry-funded scheme.

The union is seeking an early meeting with Earl Ferrers, the Minister responsible, to impress on him the strength of feeling among pig farmers.

Warning of slump in milk production

FINANCIAL TIMES REPORTER

UK MILK prices, which went up by a halfpenny a pint on Sunday, must rise again in the next few weeks if a serious slump in production is to be avoided, the industry warned yesterday.

Latest figures from the Ministry of Agriculture show almost 230,000 dairy cattle are earmarked for slaughter under an EEC scheme. And the number of farmers opting to drop dairy production under the scheme is expected to grow following the failure of Mr. Peter Walker, Agriculture Minister, to give the industry the 1½p-a-pint rise it had been seeking.

The National Farmers' Union said yesterday it would be pressing for a further increase as soon as possible, a move supported by the Milk Marketing Board and the Dairy Trade Federation.

Dairy farmers' incomes fell by 25 per cent in real terms last year and a further substantial fall is likely again this year, the union said.

About 8 per cent of Britain's dairy herd is scheduled for slaughter, under the EEC scheme and "a big slide" in production is likely next year, one dairy expert said.

The scheme is designed to curb the Common Market's massive milk surplus by persuading inefficient producers to stop production. In Britain, however, many highly efficient producers are taking the so-called "golden milkshake" which gives them up to £750 a cow if they quit dairying.

Mr. Walker has made it clear that he does not favour large price increases which might simply lead to a further fall in consumption, which is already declining by nearly 3 per cent a year.

Boost for rapeseed supplies

ANOTHER NEAR record world crop plus larger carry-over stocks will boost 1980-81 world supplies of rapeseed by 700,000 tonnes, the Hamburg-based weekly publication Oil-world estimates.

In its latest issue, it says that, contrary to other estimates, it thinks this season's world rapeseed crop is likely to match the 1979-80 season record of 10.6m tonnes.

Large carry-overs from four major producing countries would push total supplies to a record 12.6m tonnes, an increase of 700,000 tonnes, it adds.

Oilworld says the price umbrella provided by the soyabean complex and the highly subsidised European crop will allow sharply increased usage of both rapeseed oil and meal.
Reuter

Malaysia rubber output to fall

SEREMBAN — Malaysia's rubber output is expected to fall to about 1.57m tonnes in 1980 from 1.60m in 1979, Mr. Paul Leong, Primary Industries Minister, said here yesterday.

In a statement issued after a meeting with the Negri Sembilan Rubber Dealers' Association, Mr. Leong said production had shown a downward trend since 1976, when output was 1.64m tonnes, largely due to a decline in production by estates.

Between 1976 and 1979, estates output fell to 638,000 tonnes from 697,000 and in the first five months of 1980, this trend continued, matched by a similar drop in smallholders' production leaving total output some 13,000 tonnes down compared with the same period a year earlier, Mr. Leong said.

In East Malaysia, where annual production had been stagnant at around 76,000 tonnes in 1976-78 before declining to 72,000 in 1979, production had also fallen by about 6,000 tonnes in January-May compared with a year ago.

Noting the trend was a matter of some concern, Mr. Leong said the figures showed the importance of the International Natural Rubber Agreement for price stabilisation.

The implementation of the agreement would serve to assure producers of remunerative and equitable prices in both the short and long term.

He said the agreement, due to come into force in October, was timely since it would coincide with the adoption of a dynamic rubber policy by Malaysia in order to accelerate future production.

In the next few years, about 120,000 acres of rubber would be newly-planted each year, compared with the present 40,000 to 50,000 acres annually, Mr. Leong said.

Some 50,000 to 60,000 acres of rubber land had been given to other crops in recent years
Reuter

Philippine copra exports up

MANILA — Philippine copra exports in July rose to 7,500 tonnes, from 4,560 in June, but were down compared with the July 1979 total of 9,000 tonnes, Philippines coconut statistics show.

Total exports in the first seven months of 1980 fell to 58,152 tonnes, from 88,850 in the same period a year ago.

Coconut oil exports in July fell to 67,962 tonnes from 84,310 tonnes in June but rose from 66,017 tonnes in July last year. Total exports in the first seven months rose to 437,473 tonnes from 430,861 a year ago.
Reuter.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmed on the London Metal Exchange. A steady performance on overnight American markets encouraged modest demand in early trading which pushed three months ahead to £920. However, this level attracted hedge selling which pared the price to £915 on the morning Kerb. In the afternoon a fresh rise on Comex prompted renewed interest in London and forward metal moved up to touch £925.5 before closing the late Kerb at £924. Turnover: 19,200 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	896-6	+.5	902.5-3	+8.25
3 months	915-.5	+.75	922.5-3	+8.25
Settlem't	866	+.5	—	
Cathodes				
Cash	863-5	+1.5	872-4	+7.5
3 months	889-81	+1	885-7	+6
Settlem't	865	+2	—	......
U.S. Prod.	—	......	*100-108	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £918, 17.5, 17, 16, 17, 18.5, 16. Cathodes, cash £863, 64, three months £890. Kerb: Wirebars, three months £916. Afternoon: Wirebars, three months £920, 20.5, 21, 21.5, 22, 22.5. Kerb: Wirebars, three months £924, 25, 25.5, 26, 25.5, 25, 24.5, 24.

TIN—Edged higher following good physical demand in Europe and the U.S. After opening at £7,120 forward metal rose to £7,140 in the morning and continued to move ahead in the afternoon when the closing quotation was £7,160. Turnover: 1,335 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7170-80	+8.5	7190-200	+7.5
3 months	7130-5	+20	7155-60	+40
Settlem't	7180	+5	—	......
Standard				
Cash	7170-80	+6.5	7190-200	+7.5
3 months	7130-5	+20	7155-60	+40
Settlem't	7180	+5	—	......
Straits E.	†$2150	—	—	......
New York	—	......		

Morning: Standard cash £7,180, 80, 50, 70. Three months £7,145, 40, 30, 35. Kerb: Standard, three months £7,130. Afternoon: Standard, three months £7,135, 42, 50, 60.

LEAD—Gained ground following the strength of copper, renewed fresh buying and chartist and stop-loss buying above the £380 level. Three months opened at £378 and edged up to touch £386 before easing on profit-taking to close the late Kerb at £383. Turnover: 14,275 tonnes.

Morning: Cash £364.5, three months £378.5, 80, 79.75, 79, 78, 77, 78, 79, 79.5, 79.25, 79. Kerb: Three months

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	364.5-6	+8.25	368-8	+1
3 months	379-.25	+8.87	382-.5	+6.75
S'ment	365	+9	—	......
U.S. Spot	—	......	*34-8	......

£379. Afternoon: Three months £380, 79.5, 79, 78.5, 80, 82, 83, 82.5. Kerb: Three months £383, 84, 85, 86, 87, 86, 85, 84, 83, 82.5.

ZINC—Higher in sympathy with lead and copper. Three months opened at £332 and gradually rose to close the late Kerb at £338, following good general interest and speculative buying. Turnover: 6,500 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	562-5.3	+5.25	564-5	+6.5
3 months	355-6	+9	556-7	+6.25
S'ment	565	+5	—	......
Primw'ts	—	......	*36.6	......

Morning: Three months £335, 35.5, 35. Kerb: Three months £335. Afternoon: Three months £336, 36.5, 37, 38, 37. Kerb: Three months £337, 38, 37, 36.

ALUMINIUM—Marginally higher in quiet and routine trading with forward metal progressing from £738 on the early pre-market to £743 by the close of the late Kerb. Turnover: 2,550 tonnes.

Alumin'm	a.m. Official	† + or −	p.m. Unofficial	† + or −
	£	£	£	£
Spot	754-5	+2.5	763-4	+4
3 months	737-8	+4	742-3	+7

Morning: Three months £738, 38.5. Kerb: Three months £738. Afternoon: Cash £763, three months £740, 41, 42, 44, 42, 43, 42.6. Kerb: Three months £744, 43.

NICKEL—Barely changed in extremely quiet trading which left forward metal at £2,822.5 on the afternoon Kerb. Turnover: 168 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2785-8	+3.5	2800-10	—
3 months	2813-8	+0.5	2820-5	+2.5

Morning: Three months £2,815. Afternoon: Three months £2,825.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.05p an ounce lower for spot delivery in the London bullion market yesterday at £6.6020. U.S. equivalents of the fixing levels were: Spot $15.65, down 1c; three-month $16.039, down 2.1c; six-month $16.476, down 6.6c; and 12-month $17.385, down 9.1c. The metal opened at £6.58-£6.66 ($15.60-$15.80) and closed at £6.57-£6.65 ($15.60-$15.80).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	660.20p	−0.05	661.25p	+0.50
3 months	686.50p	−0.65	687.5p	......
6 months	711.50p	−5.85	—	......
12 months	757.50p	−3.80	—	......

LME—Turnover 46 (118) lots of 10,000 ozs. Morning: Three months 682, 83, 82, 82.5, 84.8, 84, 84.5, 85. Kerbs: Untraded. Afternoon: Three months 683, 84, 83.5, 84, 87. Kerbs: Untraded.

COCOA

Cocoa futures remained steady throughout a dull day as prices continued to trade within a narrow range. Physical business was again quiet as both producers and consumers continue to show little interest in current market levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
Sep	996-55	+1.5	1000-984
Dec	1032-55	+2.0	1042-65
March	1075-76	+1.0	1086-70
May	1096-98	−0.50	1106-1095
July	1112-60	+3.0	1127-15
Sept	1130-35	−0.50	1140-55
Dec	1155-60	−1.5	1186

Sales: 2,396 (1,558) lots of 10 tonnes.

COFFEE

Inspired by a steady New York close, robustas opened £20-£25 higher in light volume and mixed dealings, reports Drexel Burnham Lambert. Activity increased slightly during the afternoon and earlier gains were maintained following a stronger than anticipated New York opening.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	1208-10	+67.0	1215-97
Nov	1252-54	+67.5	1265-41
January	1285-00	+28.5	1305-21
March	1277-85	+67.5	1285-67
May	1265-98	+25.0	1300-85
July	1300-60	+15.0	1300
Sept	1200-50	+25.0	—

Sales: 5,113 (3,388) lots of 5 tonnes. ICO indicator prices for August 11 (U.S. cents per pound). Other Mild Arabicas 139.83 (135.00). Robustas ICA 1976 134.00 (132.75). ICA 1968 134.25 (133.00). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 168.72 (167.00).

GRAINS

LONDON GRAIN FUTURES—Grains opened 10p higher. After a steady start, selling pressure on the nearby options eased barley values 5p-15p in fairly quiet trading. Values increased before the close due to good trade buying and finished steady. Wheat was again very inactive. Options remained steady, unchanged to 5p lower, reports Acli.

Mnth	WHEAT Yesterday close	+ or −	BARLEY Yesterday close	+ or −
Sept.	04.85	......	00.25	+0.19
Nov.	08.70	......	94.55	−0.05
Jan.	102.70	−0.05	98.70	−0.05
Mar.	106.15	+0.05	102.10	+0.05
May	109.55	......	105.45	−0.05
July	113.15	......		......

Business done—Wheat: Sept. 94.95-94.75, Nov. 98.70-98.55, Jan. 102.80-102.65, March 106.20-106.10, May 109.70-109.60. July no trade. Sales: 112 lots of 100 tonnes. Barley: Sept. 90.25-90.10, Nov. 94.80-94.55, Jan. 98.80-98.65, March 102.15-102.10, May 105.50-105.45. Sales: 278 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Sept. 98.50 Oct. 101.25 transhipment East Coast. U.S. Hard Winter 13½ per cent Aug. 95.75, Sept. 96.25, Oct. 98.25 transhipment East Coast. English Feed fob Nov. 103.25 East Coast seller. Maize: French Aug. 123, Sept. 124 transhipment East Coast. South African Yellow Aug.-Sept. 88.75. Barley: English Feed fob Oct. 96, Nov. 97.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 86.10; S. West 86.70; W Midlands 85.10; N. West 86.30. The UK Monetary Coefficient for the week beginning Monday, August 21 is expected to change to 0.970.

RUBBER

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	58.80-58.60	59.10-58.80	—
Oct.	60.60-60.50	60.70-61.80	—
Oct-Dec	61.40-61.50	61.80-62.00	61.80-61.50
Jan-Mar	65.20-65.50	65.50-65.80	65.60-65.10
Apr-Jne	68.30-69.40	68.60-68.70	68.50-68.20
Jly-Sept	71.00-71.10	71.40-71.50	71.20-71.00
Oct-Dec	73.60-73.70	73.90-74.10	73.80-73.70
Jan-Mar	78.80-79.00	76.50-78.70	78.40-78.30
Apl-Jne	70.90-79.00	79.20-78.40	—

Sales: 188 (69) at 15 tonnes; none at 5 tonnes.

The London physical market opened quiet with little interest throughout the day, closing on a dull note Lewis and Peat reported. The Malayan market is closed until Thursday and Singapore until Wednesday for public holidays.

Physical closing prices (buyer) were: Spot 58.00p (same); Sept. 61.50p (61.75p); Oct. 61.75p (62.25p).

SOYABEAN MEAL

The London market opened with losses at £1.00-£1.50 but found heavy commission house support, reports T. G. Roddick. With early selling complete, renewed trade buying encouraged by a constructive crop report helped prices rally sharply, closing with gains at £1.00-£1.50.

	Yest'rday Close	+ or −	Business Done
	£ per tonne		
August	118.00-20.0	+1.50	—
October	111.80-11.6	+0.80	119.50-115.50
December	122.60-23.0	+1.35	123.50-110.80
February	124.00-24.9	+1.25	125.60-122.00
April	125.80-25.9	+0.80	—
June	126.50-21.5	+0.15	—
August	121.00-20.5	+0.75	—

Sales: 241 (140) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £319.00 (£330.00) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £329.00 (£335.00).

The market opened around £2 lower than overnight closing levels; by mid-day, however, most of the losses had been recovered. Prices continued to improve throughout the afternoon following a steadier New York and closing prices were around the highs, reports C. Czarnikow.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 11: Daily price 32.62 (32.65); 15-day average 29.77 (29.38).

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	348.05-48.40	345.50-41.00	347.00-37.25
Jan	356.50-59.00	355.50-59.00	351.00-48.00
Mch	350.60-58.75	350.25-58.75	350.50-51.00
May	340.50-40.50	341.00-47.50	351.00-41.50
Aug	328.00-29.00	329.50-30.50	331.00-22.95
Oct	010.00-19.90	014.50-16.00	016.00
Jan	310.00-20.80	000.00-10.00	—

Sales: 5,702 (6,719) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 318.00, 322.00, 325.00-320.00, 208; Oct. 349.00, 349.50, 350.25-340.50, 507. Sales: 715 (609).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £413.00 (£426.00) for export.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 350, 364, nil, nil; Oct. 364, 367, nil, nil; Dec. 366, 369, nil, nil; Jan. 368, 372, nil, nil; March 370, 374, 372, 3; May 372, 374, 373, 4; Aug. 374, 379, 376, 5; Oct. 375, 378, 376, 1; Dec. 376, 380, 377, 1; Jan. 376, 382, nil, nil. Sales: 14.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 458.5 trade, 460.0-458.0, 48 Dec. 463.0, 464.0, 465.5-464.5, 64; March 471.0, 471.3, 471.0-469.5, 21; May 472.0, 473.0, 475.0-472.0, 27; July 473.5, 475.0, 475.0-474.5, 14; Oct. 473.3, 475.0, 477.0-474.6, 11; Dec. 474.5, 478.0, 478.0-476.0, 7. Sales: 192.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 22 tonnes, bringing the total for the week so far to 216 tonnes. Minor weights of the raw material were bought, with a reduced demand. Operations were hampered by the continuing high cost of purchases, and not more than desultory interest was displayed in African and North American qualities.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 12 1980	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1800/1830	+40	$1120,40
Copper			
Cash W'bar	£902.75	+8.25	£807.25
3 mths	£922.75	+8.25	£825.75
Cash Cathode	£875	+7.5	£885.5
3 mths	£898	+6	£807.5
Gold troy oz	$610.5	−7	$620.5
Lead Cash	£388.5	+7	£321
3 mnths	£388.25	+8.75	£351.25
Nickel	£3,186.45	......	£3,248.35
Freemkt (cif) (lb)	$290/305c	......	290/310c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£262.15	−4.75	£276.80
Quicksilver†	$400/416	......	$400/410
Silver troy oz	660.20p	−0.05	654.00
3 mths	686.50p	−0.85	672.50p
Tin Cash	£7,165	+7.6	£7,040
3 mths	£7,157.5	+40	£7,075
Tungsten 22.04lb	$143.59	......	$143.85
Wolfrm 22.04 lb	$148/151	......	$145/148
Zinc cash	£324.5	+6.5	£305.5
3 months	£356.5	+6.25	£306.75
Producers	$780	......	$780
Oils			
Coconut (Phil)	$640	......	$680
Groundnut	‡	......	‡
Linseed Crude	£407	......	‡
Palm Malayan	$540	−6.5	$585
Seeds			
Copra Philip	$445r	+5	$460r
Soyabean (U.S.)	$322z	+1.25	$330.85
Grains			
Barley Futures	£94.65	−0.05	£85.95
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£95.75	−0.50	£91
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,038	−4	£1,183
Future Dec.	£1,032.5	+2	£1,085.5
CoffeeF't Nov.	£1,253	+21.5	£1,464
Cotton A Index	94.80c	+1.4	86.55c
Rubber (kilo)	58p	......	56.5p
Sugar (Raw)	£318	−12	£274
Woolt'ps 64s kl.	285p kilo	......	290p kilo

‡ Unquoted. r Aug.-Sept. t Oct. z Indicator. § Buyer. † Per 76-lb flask.

POTATOES

LONDON POTATO FUTURES—The market found some light trade support to move prices up gradually through the day to close steady. November was well supported by speculative interest mid session, but dropped from the highs before the close, reports Coley and Harper. Closing prices: Nov. 41.50 +10 (high 41.50, low 41.20); Feb. 48.20 +30 (high 48.20, low 48.00); April 55.10 +30 (54.80 one trade). Turnover: 31 (11) lots of 40 tonnes.

JUTE

JUTE—August c and f Dundee: BWC £200, BWD £172, BTB £241, BTC £205, BTD £178. Antwerp, August: BWC $478, BWD $401, BTB $569, BTC $480, BTD $409. Jute goods c and f Dundee August: 40 in. 10 oz. £12.03, 40 in. 7½ oz. £9.44. "B" twills £30.37.

*

HIDES—Birmingham: Slightly firmer. Second clearse. Ox 51-35.5 kilos, 33.1p a kilo (32.3p a kilo); 26-30.5 kilos, 38.2p (37.5p); 22-25.5 kilos, 40p (38.9p). Lightcows 40p (37p).

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£5.80, codlings £2.50-£3.70. Large haddock £4.20-£5.30 medium £3.50-£4.20, small £1.20-£2.20. Large plaice £4.50-£7.00, medium £4.20-£6.40, best small £3.00-£4.40. Skinned dogfish (large) £7.00, (medium) £4.50. Lemon soles (large £8.00, (medium) £6.50. Saithe £1.80-£2.30.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.0 to 64.0; Eire hindquarters 70.5 to 74.0, forequarters 39.0 to 41.0. Veal: Dutch hinds and ends 96.0 to 102.0. Lamb: English small 50.0 to 55.8, medium 46.0 to 52.0, heavy 41.0 to 48.0. Imported frozen: NZ PL 56.0 to 60.0, PM 52.0 to 54.0. Pork: English, under 100 lb 29.0 to 48.0, 100-120 lb 38.5 to 46.0, 120-160 lb 38.0 to 44.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 12. GB—Cattle, 74.16p per kg lw (+0.11). UK—Sheep, 112.38p per kg est dcw (−3.06). GB—Pigs, 62.97p per kg lw (+1.41).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: 54/113's 5.00-5.40; Californian Sunkist: Valencia Late 72/113's 6.00-6.40; Outspan: [illegible] 5.00-5.55; Jaffa: 144/168's 1.25-1.50. Lemons—Italian: 100/150's 5.50-8.00; Spania: Trays 25/45's 2.40, boxes 5.00-6.40; Outspan: Boxes 6.80-7.20. Grapefruit—Outspan: Marsh Seedless 3.00-5.10. [illegible] Tangerines—Brazilian: [illegible] per box 7.00, [illegible] 5.50. Apples—Tasmanian: Democrat 9.50-10.50, Croftons 11.00; S. African: Golden Delicious 12.50; Dutch: 22 lb Golden Delicious 4.40; Spanish: 20 lb Golden Delicious 4.80-5.00, 40 lb 5.50-10.00, Granny Smith 30 lb 5.00.

English Produce: Potatoes—Per bag 1.10-1.40. Mushrooms—Per pound 0.40-0.70. Apples—Per pound Grenadier 0.10-0.12, [illegible] 0.14, Howgate 0.12-0.13, George Cave 0.18-0.25, Millet's Seedling 0.20, Discovery 0.20-0.25. Plums—Per 12 lb Rivers 1.20-1.50, Oullin's Gage 1.60. Cabbages—Per bag 1.80-2.00. Cauliflowers—Per 12 1.00-1.20. Peas—Per pound 0.07-0.08. Beetroots—Per bag 1.00-1.20. Cucumbers—Trays 10/20 1.60-1.80. Tomatoes—Per 12 lb 2.00-2.50. Lettuce—Per 12, Round 0.80-1.00, Cos 1.30, Webbs 1.20. Carrots—New crop 28 lb 1.30-1.80. Onions—Per 56 lb 1.80-2.20. Celery—Per 20/30 2.80-3.00. Marrows—Each 0.08-0.09. Capsicums—Per pound 0.30-0.35. Runner Beans—Per pound 0.22-0.25. Swedes—Per 25 lb 0.90-1.00. Courgettes—Per pound 0.10-0.12.

AMERICAN MARKETS

NEW YORK, August 12.

THE LIVESTOCK markets were sharply lower in response to higher country marketings of hogs. Sugar advanced sharply on steady trade buying. Gold and silver finished strong on overseas buying and technical support. Copper rallied on trade buying for protection against an extended strike. The dock workers' strike in Colombia was responsible for a good rally in coffee. Cotton, grains and soyabeans were sharply higher to limit up in reaction to a constructive crop report, reported Heinold.

Copper—Aug. 97.90 (96.25), Sept. 98.20-98.40 (96.65), Oct. 98.80, Dec. 99.30-99.70, Jan. 100.05, March 100.80-101.10, May 102.06, July 103.10, Sept. 104.15, Dec. 105.55, Jan. 106.00, March 106.80, May 107.80. Sales: 5,000.

Potatoes (round whites)—Nov. 88.6-88.8 (87.9), March 120.2-120.4 (117.5), April 144.3-144.8. Sales: 3,041.

†Silver—Aug. 1578.0 (1551.0), Sept. 1580.0-1585.0 (1580.0), Oct. 1601.0, Dec. 1627.0-1635.0, Jan. 1647.5, March 1685.0, May 1713.5, July 1749.5, Sept. 1779.0, Jan. 1845.5, March 1878.5, May 1011.5. Sales: 5,000. Handy and Harman bullion spot 1565.00.

Sugar—No. 11: Sept. 34.60-34.95 (33.09), Oct. 35.41 (33.01), Jan. 36.18, March 36.53, May 35.50, July 34.40, Sept. 32.50-32.55, Oct. 31.60-31.70, Jan. 29.50-30.00.

Tin—773.00-784.00 (769.00-780.00).

CHICAGO, August 12.

Lard—Chicago loose 22.50 (same). New York prime steam 23.00 (same).

Live Cattle—Aug. 73.30-73.50 (74.12), Oct. 69.75-70.00 (70.40), Dec. 68.95-68.50, Jan. 70.55, Feb. 70.40-70.55, April 71.20-71.10, June 72.40.

Live Hogs—Aug. 48.80-48.92 (49.42), Oct. 43.50-43.80 (44.65), Dec. 46.35-46.50, Feb. 40.25-48.30, April 48.05, June 50.70, July 51.30, Aug. 51.10, Oct. 51.20.

‡‡Maize—Sept. 346¾-346¼ (336¾), Dec. 345¾ (335¾), March 351¼, May 352¼, July 352¼, Sept. 342¾.

Pork Bellies—Aug. 48.50 (51.90), Feb. 62.50-62.30 (64.20), March 62.70-62.50, May 62.80-63.00, July 63.00, Aug. 62.25.

Silver—Aug. 1575.6 (1560.0), Sept. 1592.5 (1569.0), Oct. 1601.5, Dec. 1630.0, Feb. 1666.5, April 1700.0, June 1731.5, Aug. 1767.0, Oct. ——, Dec. 1834.0, Feb. 1868.5, April 1903.0, June ——, Aug. 1972.0, Oct. ——, Nov. ——.

†Soyabeans—Aug. 766 (751), Sept. 774-772 (756), Nov. 793-791, Jan. 802½-803½, March 814½-815, May 819, July 813, Aug. 807½.

¶Soyabean Meal—Aug. 213.7-214.0 (207.0), Sept. 216.8-217.0 (209.7), Oct. 219.5, Dec. 223.5-224.0, Jan. 225.0-226.0, March 227.0-227.5, May 227.0-27.5, July 227.5, Aug. 224.0, Sept. 222.0-20.0.

Soyabean Oil — Aug. 27.05-27.10 (26.70), Sept. 27.25-27.20 (26.87), Oct. 27.55-27.50, Dec. 27.75-27.65, Jan. 27.70-27.75, March 27.80, May 27.90-27.80, July 28.00-27.50, Aug. 27.80, Sept. 27.75.

†Wheat—Sept. 460-459½ (451¼), Dec. 479-479½ (471¼), March 495½, May 498-497½, July 495-495½, Sept. 502.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 12.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug.-Sept. $208, Oct $210, Nov. $214, Dec. $217. U.S. No. 2 Red Winter, Aug. $196, Sept. $197, Oct. $199.50. U.S. No. 2 Northern Spring, 14 per cent, Aug. $210.50, Sept. $212, Oct. $217, Nov. $220, Dec. $225.50. Rest unquoted.

Maize—Afloat $167.50, Aug. $167, Sept. $166.50, Oct. $165.50, Nov. $166.50, Dec. $168, Jan.-March $171.75.

Soyabeans—U.S. Two Yellow Gulfports Feb. $324, March $325.50 traded, Aug. $301.50, Sept. $305.75, Oct. $313.25, Nov. $313.75, Dec. $317.50, Jan. $321.50, [illegible] April $328.75, [illegible] Argentine Aug. $294.50, Sept. $298 sellers.

Soyameal—44 per cent protein U.S. afloat $248, Aug. $252, Sept. $260, Oct. $266, Nov.-March $276. Brazil Pellets afloat $260 sellers, $259.50 traded, July $262, Aug. $266, Sept. $272, Nov.-March $288 sellers.

PARIS, August 12.

Cocoa (FFr per 100 kilos)—Sept. 945-950, Dec. 985-995, March 1010-1020, May 1025-1040, July 1045, Sept. 1055. Sales at call 1.

Sugar (FFr per 100 kilos)—Oct. 3255-3260, Nov. unquoted, Dec. 3300-3305, March 3390-3399, May 3250-3300, July [illegible]. Sales at call 4.

INDICES

FINANCIAL TIMES

Aug. 7	Aug. 8	Month ago	Year ago
273.41	275.56	276.30	283.21

(Base: July 1, 1952=100)

MOODY'S

Aug. 11	Aug. 8	M'nth ago	Year ago
1236.1	1231.9	1172.8	1056.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 11	Aug. 8	Month ago	Year ago
Spot	445.13	448.59	428.69	393.20
F'tur's	452.84	453.62	450.42	408.15

(Average 1924-25-26=100)

REUTERS

Aug. 12	Aug. 11	M'nth ago	Year ago
1707.7	1713.9	1589.8	1556.0

(Base: September 18, 1931=100)

South African gold shares sustain further big falls
Uninspiring trade in equities and Gilt-edged securities

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

A further sharp reaction in South African gold mining shares provided the main feature in an otherwise extremely slow trade in stock markets yesterday. Fresh losses extending to nearly two points in the heavier-priced issues reflected renewed weakness in the bullion price which fell $7 more to $610½ an ounce. The Gold Mines index dropped 14.3 further to 348.0 for a two-day loss of over 8 per cent.

Sentiment in Gilts remained unsettled by the higher-than-expected Central Government Borrowing Requirement, while fresh investment incentive was also restrained awaiting further economic indicators due later in the week. As a result, mediums and longs drifted lower before picking up to close around ¼ above the worst but with losses ranging to ⅜.

Leading Industrials again moved within narrow limits. The trend was to slightly higher levels at the start, but once again potential buyers were content to hold off and in most cases prices reverted to overnight closing levels. The poor industrial output figures for the first half of the year made no marked impact on sentiment but contributed to a slight deterioration in the tone in the late trade. After the previous day's loss of 2.1, the FT 30-share index was 2.2 up at yesterday's first calculation but drifted off to close only a shade above the worst with a net gain of 1.6 at 480.6—a rise which owed most to a jump of 7 to 77p in constituent Dunlop on a revival of speculative demand.

Traded options attracted a total of 758 contracts—some 200 more than on Monday. The increased activity was again mainly attributable to Lonrho which recorded 423 trades.

CU satisfies

The modest contraction in CU's interim profits was deemed satisfactory and the shares closed 6 better at 146p. General Accident, the next major Composite group to announce half-year figures, gained 4 to 302p in front of today's statement, while Royals added 8 to 386p: the latter's first-half results are due next Monday. Hogg Robinson rose 4 to 121p among Lloyds brokers with sentiment helped by the announcement of the company's expansion plans in North America. Life issues revived and closed with gains ranging to 6. Equity and Law, 296p, and Legal and General, 210p, both advanced that much, while Prudential put on 5 to 230p and Pearl appreciated 4 to 384p. Britannic hardened 2 to 236p; the interim results are due today.

Interest in the banking sector remained at a low ebb. The major clearers edged forward with Lloyds up 3 at 308p and NatWest a similar amount dearer at 358p. Bank of Scotland put on 4 to 252p. Royal Bank of Scotland, at 85p, lost a penny of the previous day's rise of 5 which followed a Press suggestion that Citibank of the U.S. might bid for its Williams and Glyn's subsidiary. Merchant banks were occasionally higher with Leopold Joseph 5 up at 190p in a thin market. Among mixed Hire Purchases, UDT softened 2 to 63p awaiting today's annual results. Lloyds and Scottish dipped 3 to 152p but Provident Financial added 2 to 154p and FNFC hardened a fraction to 26p.

Leading Breweries generally closed with modest gains although business was again at a low ebb. Whitbread firmed 3 to 155p, while Bass added a couple of pence to 224p. News that Hiram Walker has disposed of its 3.07m shares in Highland Distilleries at 129½p per share lifted the latter 8 to 127p. Other distilleries trended better in sympathy with Invergordon rising 4 to 200p, and Arthur Bell 2 to 194p.

Leading Building descriptions had an easier bias with London Brick shedding a penny for a two-day fall of 5 to 71p ahead of interim results, due next Wednesday. Scattered offerings left BPB 4 cheaper at 230p, and small selling left its mark on Timbers where International and Montague L. Meyer both softened 2 to 101p and 92p respectively, while Magnet and Southerns relinquished 8 to 157p. Elsewhere, W. and J. Glossop held at 38p, the chairman's confident remarks on current trading outweighing the annual loss. Barratt Developments firmed 5 to 135p on a broker's circular, but recently firm Burnett and Hallamshire eased 5 to 790p in a thin market.

Leading Chemicals barely stirred, but Leigh Interests added 3 to 175p. Anchor touched 83p before settling a penny cheaper on balance at 81p, while Yorkshire eased 2 to 38p.

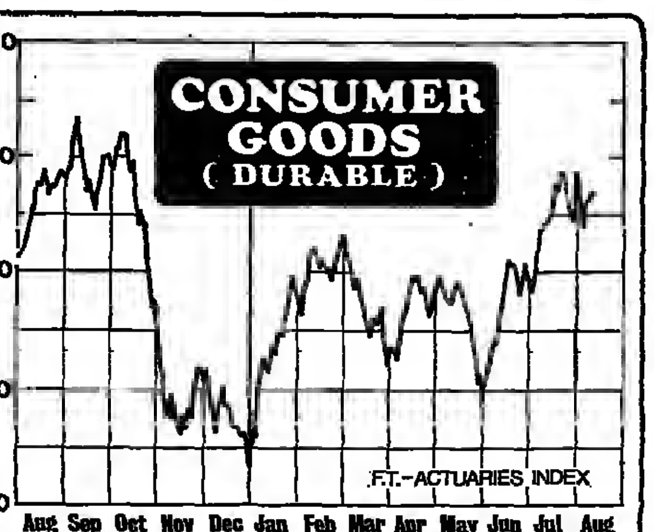
A. G. Stanley up

Following Woolworth's offer for B and Q last week, other D-I-Y issues trended firmer on hopes of further rationalisation within the sector. MFI added 2 to 52p, while Home Charm rose 3 more to 105p. A. G. Stanley were particularly good in front of interim results expected shortly and closed 6 better at 71p. Elsewhere, Dixons Photographic picked up 3 to 103p, but Wearwell, a good market of late, met profit-taking and shed 2 at 59p. Among the leaders, House of Fraser advanced to 150p on bid hopes before ending only a penny better on balance at 147p.

Electricals failed to respond to an early mark-up by jobbers and most leaders drifted back to close unchanged on the day. Thorn EMI, up to 342p at one stage, finished only 2 better at 338p, while GEC reached 490p before closing unchanged at 484p. Away from the majors, call option business helped speculative favourite Foward Technology, 5 dearer for a two-day gain of 14 at 123p. Louis Newmark rose 5 to 380p ahead of tomorrow's preliminary results, while Telephone Rentals also attracted interest and firmed 3 to 261p. Wholesale Fittings remained a buoyant market on last week's results and capital proposals and jumped 35 more to 820p.

Pegler-Hattersley highlighted Engineerings with a rise of 12 more to 134p, after 140p, following comment on the sale of its jointly-owned McEvoy Oilfield equipment operations in the UK and North America to Smith International Inc. of California. Elsewhere, Anderson Strathclyde encountered speculative support and rose 4½ to 101½p, after 103p, while improvements of 7 and 8 respectively were seen in Wolseley Hughes, 234p, and British Aluminium, 173p. Babcock International put on 5 to 90p and Hopkinsons 4 to 56p. Adwest, on the other hand, came on offer and lost 4 to 168p. Among the quiet leaders, GKN gave up 4 to 238p and Hawker hardened 2 to 230p.

Business in Foods was thin, but price movements usually favoured holders despite news of food price cuts by Marks and Spencer. J. Sainsbury hardened 3 to 441p and Tesco a fraction to 58½p, while Hillards, 140p, and Amos Hinton, 71p, both added 3. British Sugar touched 265p before closing only a penny firmer on balance at 261p, while recently dull Robertson revived with a gain of 4 at 105p. Associated Fisheries put on a couple of pence to 74p.



Talk that Rothschild Investment Trust had sold its 25.2 per cent stake in the company to the Kuwait Investment Office left Savoy A 4 firmer at 128p. Elsewhere in Hotels and Caterers, Wheeler's Restaurants put on 10 for a two-day gain of 20 to 255p in a thin market following the chairman's confident remarks. Reo Stakis, still benefiting from favourable Press comment, added a couple of pence more to 46½p.

Unilever pleases

Miscellaneous industrial leaders continued to trade quietly but sentiment was given a slight boost by the better-than-expected second-quarter profits from Unilever; the shares touched 485p on the figures before closing 10 up at 480p. Bowater, however, fell 6 to 173p as the market awaited further news of the amount of aid the Government is prepared to forward in order to keep the group's newsprint mill working at Ellesmere Port; Reed International softened 4 to 194p in sympathy. Elsewhere, Letraset stood out with a rise of 11 to 123p in response to the better-than-expected preliminary results, while Office and Electronic encountered renewed speculative support and closed 9 to the good at 328p, after 330p. Aeronautical and General put on 15 to 373p.

Horizon Travel put on 5 to 250p awaiting today's interim results.

Dunlop attracted strong buying from London sources and advanced 7 to 77p. Dowty added 3 to 236p, while Kwik-Fit firmed a penny more to 89½p. Associated Engineering eased 3 to 56p following the sale of two subsidiary companies for £0.7m to Armstrong Equipment which shed a fraction to 41p. Garages remained quiet, but gains of around 3 were seen in Tate of Leeds, 74p, and Kenning, 70½p.

In quietly firm Properties, Land Securities, 364p, and MEPC, 229p, both added 3, while Hammerson A hardened 5 to 520p. Elsewhere, Amalgamated Estates remained at 16p despite the annual loss, but Aquis shed 1½ to 34p on the lower interim profits. Buying ahead of today's preliminary results left Imry 10 dearer at 730p, while Rush and Tompkins firmed 5 to 222p following a favourable Press mention and McKay Securities picked up 5 to 145p in a thin market. Far-Eastern influences continued to buoy Swire Properties, up 2 more at a 1980 peak of 76½p.

Oils easier

Leading Oils drifted easier in a slow trade. British Petroleum softened 2 to 354p, while Shell cheapened a few pence to 414p. Tricentrol, 340p, and Ultramar, 350p, both shed 4, the latter ahead of tomorrow's interim results. Lasmo, at 708p, relinquished 12 of the previous day's gain of 26. Elsewhere, Strata put on 6 to 134p on confirmation of Wondada number 2 well as a major gas producer. Ranger Oil hardened $\frac{1}{16}$ to £14$\frac{13}{16}$; the price in yesterday's issue was incorrect.

News that Gulf Fisheries of Kuwait is not to subscribe to the rights issue in respect of its 19 per cent holding in the company prompted early weakness in Lonrho which fell to 91p before buyers entered to leave the close only a penny cheaper on balance at 93p; the nil-paid eased 1½ to 10p premium, after 9½p premium. Elsewhere in Overseas Traders, Inchcape firmed 6 to 433p, but Warren Plantations lacked support and declined 6 to 191p.

Hampton Trust rose 3½ to 74½p following news that the company has taken a 10 per cent interest in Oxnco (North Sea); Hampton also has an interest in the Woodada 2 well in Australia.

Textiles ended a shade easier, where changed. Further consideration of the disappointing annual results clipped a penny more from Nottingham Manufacturing, 88p, while Corah, interim Friday, eased ½ to 28p. Recent speculative counters came in for profit-taking with Lister, 42p, and Sidlaw, 106p, giving up 2 and 4 respectively.

Heavy falls in Golds

Renewed weakness in the bullion price—finally a further $7 down at $610.5 an ounce—prompted widespread and heavy losses in South African Golds for the second successive day.

The Gold Mines index dropped 14.3 more to 348.0, a two-day decline of 31.2 and its lowest since the end of June.

The share market got off to a poor start as heavy overnight American selling caused jobbers to mark prices sharply lower. This failed to stem selling, however, and quotations fell further to close at the day's lows. A further decline in the Financial Rand was an additional factor in the weakness of share prices.

The heavyweights sustained the biggest losses with falls of up to £1¾ common to West Driefontein, £35¼, St. Helena, £17¼, Western Holdings, £30, and GFSA, £30¾.

Among the medium and lower-priced issues, Welkom dropped 63 to 717p, Blyvoor 34 to 615p and ERGO 23 to 388p.

South African Financials registered sympathetic falls with Anglo American another 20 easier at 620p. Gencor a similar amount down at 800p and "Amgold" £1½ off at £39.

London Financials held up well in the face of the weakness of gold and gold shares. Charter dipped 5 to 225p while Gold Fields and Rio Tinto-Zinc closed only 2 cheaper at 508p and 473p respectively. Tanks continued to reflect the recent firmness of the Ashton participants and added 3 more to 330p.

Platinums were marked down initially but continued to find little support. Consequently, prices lost further ground to close at the day's lowest. Rustenburg were finally 26 cheaper at 224p, while falls of around 17 were common to Lydenburg, 136p, and Impala, 325p.

Australians were mixed. Oils and oil-shales made fresh progress with Central Pacific £2¼ up at £31¼, after £32, and Southern Pacific £1¼ firmer at £11¾, after £12¼, reflecting hopes of a share split.

Base-metal and gold issues met modest selling, however, which lowered Western Mining by 7 to 287p, Bougainville 5 to 127p and North Kalgurli a like amount to 79p.

The closure of Kuala Lumpur and Singapore markets encouraged good London buying of Tins. Takeover hopes lifted Berjuntai 15 more to a 1980 high of 260p, Petaling 5 to 320p and Kamunting 3 to 97p.

FINANCIAL TIMES STOCK INDICES

	Aug. 12	Aug. 11	Aug. 8	Aug. 7	Aug. 6	Aug. 5	A year ago
Government Secs.	69.34	68.53	69.61	69.49	68.67	70.15	73.69
Fixed Interest	70.34	70.60	70.68	70.41	70.57	71.88	74.43
Industrial	480.6	479.0	481.1	478.2	473.1	480.9	478.1
Gold Mines	348.0	362.3	379.2	380.1	376.0	377.1	162.9
Ord. Div. Yield	7.54	7.55	7.53	7.59	7.69	7.56	6.83
Earnings, Yld. % (full)	17.70	17.72	17.72	18.17	18.40	18.09	17.23
P/E Ratio (net) (*)	6.83	6.82	6.83	6.63	6.55	6.67	7.30
Total Bargains	17,865	18,861	00,696	19,816	18,254	18,123	—
Equity turnover £m	—	86.91	113.52	103.17	103.23	77.11	59.15
Equity bargains total	—	15,167	13,092	12,018	15,084	11,304	10,761

10 am 481.2, 11 am 481.1. Noon 480.5. 1 pm 480.7.
2 pm 480.3. 3 pm 480.4.
Latest Index 01-246 8026
* Nil = 8.36
Basis 100 Govt Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	65.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.63 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (25/7)	065.8 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 12	Aug. 11
—Daily		
Gilt Edged	105.5	118.4
Industrials	88.1	99.2
Speculative	32.2	40.5
Totals	62.1	67.5
5-day Avrge.		
Gilt Edged	100.9	128.4
Industrials	100.8	103.1
Speculative	34.6	34.3
Totals	70.5	72.6

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (52)

BRITISH FUNDS (2)
Exchqr. 3pc 1981; Treasury 3pc 1982
AMERICANS (3)
Time Inc.; Zapata Corp.; Woolworths
CANADIANS (1)
Bank of Nova Scotia
BANKS (2)
Deutsche Bank; Standard Chartered
ELECTRICALS (9)
Crystalate; Perkin-Elmer 4pc; Energy Services; Plessey; Forward Technology; Sony; Kode Intl.; Wholesale Fittings; Newmark (L.)
ENGINEERING (6)
Anderson Strthclyde; Howden Group; Firth (G. M.); Smith Whitworth; Haden Carrier; Spirax-Sarco
FOODS (4)
Assoc. Brit. Foods; British Sugar; Belam; Sainsbury (J.)
INDUSTRIALS (6)
Huntleigh; Office & Electronic; Johnson Matthey; Pritchard Services; Lep Group; Wilkes (J.)
INSURANCE (3)
Equity & Law; Refuge; London United
LEISURE (1)
Associated Leisure
MOTORS (1)
Kwik-Fit Hldgs.
NEWSPAPERS (1)
News Intl. Spec. Div.
PROPERTY (1)
Swire Properties
TEXTILES (1)
Jerome (S.)
TRUSTS (5)
C.L.R.P. Inv.; Winterbottom; Rohnco NY; Hampton Trust; Do Sub. Shares
MINES (6)
Rand London; Kamunting; Bond Corp.; Killinghall; Berjuntai; Petaling

NEW LOWS (19)

BRITISH FUNDS (1)
Treas. 12pc 1987 (£20 paid)
BEERS (1)
Macallan-Glenlivet
BUILDINGS (2)
Sharpe & Fisher; Wettern Bros.
CHEMICALS (1)
Arrow Cehmicals
ELECTRICALS (1)
Vitatron N.V.
ENGINEERING (5)
Abwood; Triplex Foundries; Clifford (C.); Walker (C. & W.); Ley's Foundries
INDUSTRIALS (1)
Nathan (B. & I.)
MOTORS (1)
Zenith A
NEWSPAPERS (2)
Intl. Thomson; Intl. Thomson Conv.
SHIPPING (1)
Common Bros.
SHOES (1)
Stylo Shoes
TEXTILES (2)
Ingram (H.); Miller (F.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	73	16
Corpns. Dom. and Foreign Bonds	1	30	35
Industrials	237	174	982
Financial and Prop.	159	33	304
Oils	6	12	28
Plantations	2	4	19
Mines	18	80	82
Others	52	27	88
Totals	480	433	1,544

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Aug. 12, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Aug. 11 Index No.	Fri., Aug. 8 Index No.	Thur., Aug. 7 Index No.	Wed., Aug. 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	278.95	+0.1	16.36	5.90	7.37	278.56	277.71	275.59	273.57	247.73
2	Building Materials (28)	254.51	−0.4	18.07	6.59	6.51	255.60	256.37	254.27	254.31	226.45
3	Contracting, Construction (27)	411.23	−0.3	22.57	5.91	5.27	412.39	413.14	408.46	409.62	369.47
4	Electricals (17)	817.44	+0.2	11.79	3.25	10.39	815.63	810.38	799.47	785.08	626.84
5	Engineering Contractors (11)	330.29	+0.3	20.56	7.89	6.10	329.21	332.66	334.21	335.55	368.59
6	Mechanical Engineering (73)	180.40	+0.8	16.98	7.40	7.18	179.00	178.34	178.14	177.18	178.82
8	Metals and Metal Forming (16)	167.74	−0.2	21.61	10.12	5.53	168.08	166.59	166.33	166.28	165.00
11	CONSUMER GOODS (DURABLE) (49)	233.94	+0.4	14.04	5.46	8.55	232.96	232.12	230.49	227.79	235.71
12	Lt. Electronics, Radio, TV (14)	351.15	+0.1	10.93	4.01	11.22	350.65	348.87	345.13	340.03	332.40
13	Household Goods (14)	93.74	−0.2	25.85	10.92	4.88	93.89	94.10	94.14	94.39	150.24
14	Motors and Distributors (21)	103.15	+1.5	21.91	9.11	5.24	101.66	101.67	102.06	101.58	113.86
21	CONSUMER GOODS (NON DURABLES) (172)	234.10	+0.4	17.61	6.89	6.86	233.29	233.13	231.33	230.05	241.29
22	Breweries (14)	286.64	+1.1	15.86	6.42	7.36	283.57	283.71	278.98	279.29	287.56
23	Wines and Spirits (5)	311.09	+0.2	19.50	6.55	6.04	310.37	317.13	315.73	313.37	319.99
24	Entertainment, Catering (17)	331.72	+1.4	17.41	6.74	7.12	327.17	331.63	326.13	323.23	311.87
25	Food Manufacturers (21)	212.03	+1.1	19.11	7.08	6.15	209.66	209.98	208.19	208.54	206.11
26	Food Retailing (13)	351.45	+0.7	12.01	4.53	9.94	349.04	350.04	347.39	346.41	318.48
32	Newspapers, Publishing (13)	439.94	+1.5	21.37	7.28	6.17	433.55	433.10	431.84	427.50	411.33
33	Packaging and Paper (15)	130.30	−1.5	27.42	10.05	4.24	132.35	132.29	130.89	130.61	126.86
34	Stores (45)	231.75	−0.2	13.60	5.43	9.59	232.30	229.80	228.92	226.43	251.41
35	Textiles (21)	123.17	−0.5	26.69	12.82	4.56	123.73	124.02	124.22	123.81	155.63
36	Tobaccos (3)	225.56	—	25.44	10.32	4.47	225.56	225.45	224.47	222.31	245.49
37	Toys and Games (5)	27.52	—	8.17	13.85	28.30	27.52	27.17	27.08	26.97	78.21
41	OTHER GROUPS (99)	224.41	+0.5	16.46	6.91	7.22	223.32	223.04	221.30	219.89	202.74
42	Chemicals (16)	311.95	+0.4	19.89	7.73	5.76	310.78	310.82	308.87	305.45	280.63
43	Pharmaceutical Products (7)	226.04	+0.9	11.19	6.12	11.05	223.93	223.95	218.95	215.98	223.38
44	Office Equipment (6)	106.43	+1.1	19.02	7.79	6.13	105.25	105.50	105.13	105.35	120.58
45	Shipping (10)	590.53	+0.6	13.00	5.98	9.38	586.80	583.04	577.80	574.86	450.45
46	Miscellaneous (60)	282.39	+0.2	16.03	6.55	7.63	281.73	280.95	280.24	280.25	242.92
49	INDUSTRIAL GROUP (492)	250.55	+0.3	16.75	6.52	7.18	249.73	249.31	247.41	245.76	240.39
51	Oils (8)	798.07	−0.7	28.82	6.44	3.83	803.99	797.74	782.35	774.71	636.29
59	500 SHARE INDEX	293.96	+0.1	19.22	6.51	6.09	293.63	292.78	289.84	287.72	272.60
61	FINANCIAL GROUP (118)	227.92	+0.8	—	5.60	—	226.09	226.38	224.90	224.34	191.17
62	Banks (6)	227.90	+0.3	44.32	7.38	2.68	227.12	228.29	227.14	224.49	222.56
63	Discount Houses (10)	283.54	−0.3	—	6.26	—	284.38	284.03	281.94	279.02	264.30
64	Hire Purchase (5)	227.69	−1.6	13.61	4.39	9.58	231.31	228.24	227.29	224.74	169.86
65	Insurance (Life) (10)	229.46	+1.8	—	5.55	—	225.39	224.87	222.95	223.19	150.12
66	Insurance (Composite) (9)	150.36	+1.7	—	7.16	—	147.91	148.54	148.89	149.97	125.54
67	Insurance Brokers (9)	336.00	+0.9	13.83	6.86	9.93	333.00	333.56	332.40	332.77	267.24
68	Merchant Banks (12)	134.57	+0.4	—	5.28	—	134.03	133.39	133.48	134.76	99.24
69	Property (43)	439.06	+0.5	3.24	2.68	42.73	436.69	437.14	429.99	427.79	368.93
70	Miscellaneous (12)	141.15	+0.4	14.65	6.25	8.67	140.66	140.01	139.63	139.42	117.55
71	Investment Trusts (109)	256.66	+0.5	—	5.58	—	255.32	254.88	253.04	252.96	212.10
81	Mining Finance (3)	241.70	−0.6	12.43	4.33	9.69	243.18	244.81	241.35	238.93	123.13
91	Overseas Traders (20)	413.39	−0.4	12.14	7.14	9.93	414.89	416.05	411.54	411.69	341.75
99	ALL-SHARE INDEX (750)	280.36	+0.2	—	6.24	—	279.71	279.26	276.63	275.00	249.36

FIXED INTEREST PRICE INDICES

	British Government	Tues., Aug. 12	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.93	+0.02	—	6.73
2	5-15 years	110.41	−0.30	—	8.43
3	Over 15 years	116.44	−0.33	—	8.64
4	Irredeemables	129.28	−0.34	—	7.29
5	All stocks	110.34	−0.21	—	7.57

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Aug. 12	Mon., Aug. 11	Year ago (approx.)
1	Low Coupons	5 years	11.98	11.96	10.07
2		15 years	11.98	11.92	10.51
3		25 years	11.98	11.92	10.95
4	Medium Coupons	5 years	13.47	13.43	12.02
5		15 years	13.29	13.23	12.66
6		25 years	13.29	13.23	12.66
7	High Coupons	5 years	13.70	13.66	12.27
8		15 years	13.74	13.68	12.43
9		25 years	13.55	13.49	12.50
10	Irredeemables		11.47	11.40	10.66

		Tues., Aug. 12 Index No.	Tues., Aug. 12 Yield %	Mon. Aug. 11	Friday Aug. 8	Thurs. Aug. 7	Wed. Aug. 6	Tues. Aug. 5	Mon. Aug. 4	Friday Aug. 1	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.37	13.63	54.47	54.63	54.71	54.90	55.30	56.54	55.88	56.41
16	Investment Trust Prefs. (15)	50.76	13.35	50.76	50.11	50.73	50.88	50.84	50.94	50.94	51.11
17	Coml. and Indl. Prefs. (20)	66.08	13.36	66.73	66.67	66.82	67.78	68.88	66.58	66.55	71.40

...and lows record base dates and values and constituent changes are published in ... constituents is available from the Publishers, the Financial Times, Bracken House, ... price 15p, by post 25p.

هكذا من الأصل

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Highland Distills.	20p	7	127	+8	148	114
Shell Transport	25p	7	414	−4	432	314
Letraset	10p	6	123	+11	142	108
Marks & Spencer	25p	6	100	−1	102	77
Thorn EMI	25p	6	338xd	+2	348	260
Commercial Un.	25p	5	146	+6	162	125
European Ferries	25p	5	187	+2	191	98
GUS A	25p	5	440	—	448	340
GKN	£1	5	238	−4	279	228
Lonrho 'New'	Nil/pd.	5	10pm	−1½	30½pm	9½pm
Premier Cons.	5p	5	83	−1	99	36
RTZ	25p	5	473	−2	485	327
Royal Dutch	Fl.20	5	£37¾	—	£39½	£32
Unilever	25p	5	480	+10	512	388
ICI	£1	4	366	—	402	348

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Call options were struck in London Investment Trust, De Beers Deferred, Premier Oil, FNFC, BSG, MFI, Myson, Burmah, Oil Search, Endeavour, Dunlop, Baker Electronics, Foward Technology, South Crofty, Weir Group, Inveresk, Shell Transport, Highland Distilleries, Grand Metropolitan, Lasmo and Lonrho. Puts were completed in FNFC and Hongkong and Shanghai Banking, while doubles to be arranged included Town and City Properties and House of Fraser.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]							

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 265...
American O/S (USc) [115.3 121.4] +5.9

Henderson Baring Group
801, Gloucester, 11, Pedder, Hongg Kong
Japan Fd. Aug. 6 US$19.30 20.14
Japan Tech. Aug. 11 US$11.337 +0.28
Malay Singpr. Aug. 5 12.777
Pacific Fd. Aug. 6 US$13.930
Bond Fd. Aug. 6 US$10.768
PO Box 71, 7 New St., Peter Port, Guernsey
Gilt Fd. £9.79 9.89 −0.03
*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey
Guernsey Tst. [180.2 192.8] +0.8

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey.
HS Channel Is. Fd. [136.3 145.2]
H.S. Fixed Int. Fd. [92.0 97.0] −2.0
Box 2622, Berne, Switzerland.
H.S. Overseas Fd. US$23.63 24.58 +0.28
CSF Fd. (Acc.) SF17.91 18.29 +0.06
Crossbow Fd. (Acc.) SF4.54 4.64 +0.05
ITF Fd. (Acc.) US$12.40 12.66 +0.14

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda Iss. Pricel. DF57.61 +0.13

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. [A$3.52 3.63] +0.09

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. —
Jardine J'pn.Fd.* Y168.8
Jardine S.E.A. US$33.74
Jardine Flem. Int. HK$20.88
Jardine Securities HK$17.36
Intl. Pac. Secs. (Inc.) HK$17.49
Do. (Accum.) HK$18.14
NAV July 15. *US$77.17.
Next sub. day Aug. 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26...
L.J. Sterling Fund [£11.86 11.87]

Kemp-Gee Management. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73...
Capital Fund [140.1 144.4]

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. July 31 US$38.67xd
Murray Fund July 31 US$17.61xd
Pacific Fd. July 31 US$4.64

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund [US$4.59 534.15] +6.15

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd. (a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger Britannia Trust Management (a) (c) (g)

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd. (a)(g)

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Cater, Sebag Unit Trust Managers(a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Choulerton Fund Managers(a)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Trust Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

MLA Unit Trust Mngmt. Ltd.

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Tyndall Managers Ltd. (a)(b)(c)

For Schlesinger Trust see Britannia

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

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OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia/Schlesinger

Schlesinger International Mngt. Ltd.

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Capital International S.A.

Charterhouse Japhet

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Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Management & Research

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

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Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or -	Int.	Red.
91	82¼	Aust. 5½pc '81-82	88¾	-¼	6.32	14.71
85¼	72½	Do. 6pc 1981-83	83¾	-¼	7.29	12.72
67	58	N.Z. 7¼pc 1988-92	64¾	.....	11.31	13.35
[illegible]	72	Do. 7½pc '83-86	79	-⅛	9.83	13.45
[illegible]	88	Sth. Africa 9½pc '79-81	94¼	.....	10.29	16.52
[illegible]	95	S. Rhod. 2½pc Non-Ass.	100	+3	—	28.94
[illegible]	133	Do. 6pc '78-81 N.-As.	142	.....	—	29.99

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or -	Div. Gross	Cvr	Yld Gr's
11⅜	850p	Hudson's Bay ‖	910pxd	.....	$1.20	—	5.0
14¼	925p	Hud.B.Oil G. $2½	13¼	+¼	h57½	—	1.7
21⅝	13⅛	Imperial Oil‖	15⅜	+¼	$1.40	—	3.4
14	855p	Inco‖	10⅝xd	+⅛	72c	—	2.6
565p	425p	Int. Nat. Gas $1	550p	.....	$1.00	—	6.9
495p	265p	Massey Ferg.‖	360p	+20	—	—	—
200p	100p	Place Gas $1	115p	.....	—	—	—
14⅞	10⅝	Rio Algom	12⅜	-⅛	$1.50	—	4.5
20	14½	Royal Bk.Can. $2	19¾xd	.....	$2.56	—	4.9
25½	13⅞	Seagram Co. C$1	23¾	.....	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1	11⅞	+¼	$1.36	—	4.3
10½	815p	Trans Can. Pipe	930p	+15	$1.16	—	4.7

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TEAS

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[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	......	—	—	—
118	52½	Bond Corp.	118	+10	hQ2.8c	2.2	1.2
156	88	Bougainville I Kina	127	−5	±Q26.2c	1.0	11.4
265	195	BH South 50c	200	......	—	—	—
356	230	CRA 50c	230	−4	Q15c	2.1	9.3
25	11½	Canada Northwest	20	......	—	—	—
42	8	Carr Boyd 20c	35	−1	—	—	—
£36⅜	£15¼	Central Pacific	£31⅛	+2⅛	—	—	—
41	17	Cultus Pacific H.L.	32	−1	—	—	—
52	20	Eagle Corp. 10c	36	......	—	—	—
27½	15¾	Endeavour 20c	25	......	—	—	—
464	175	G. M. Kalgoorlie 25c	400	−6	†Q3c	—	0.4
46	15	Great Eastern	21½	......	—	—	—
460	260	Hamptn Areas 5p.	445xd	+5	4.5	2.4	1.4
204	30	Haoma Gold N.L.	138	......	—	—	—
50	15	Intl. Mining	50	......	—	—	—
720	80	Leichardt Expln.	200	−10	—	—	—
77	41	Metals Ex. 50c	72	−5	—	—	—
312	187	M.I.M. Hldgs. 50c	254	......	††Q16.1c	1.8	3.2
21	7	Minefields Expl. 25c	17	−1	—	—	—
155	60	Mount Lyell 25c	98	......	Q15c	ϕ	8.3
28	15	Newmetal 20c	18	......	—	—	—
50	12	Nickelore N.L.	48	−2	—	—	—
207	137	North B. Hill 50c	188	−2	†Q12c	1.4	3.3
101	44½	Nth. Kalgurli	79	−5	—	—	—
165	90	Nth. Mining Corp.	130	+5	—	—	—
184	24	N. West Mining N.L.	128	......	—	—	—
235	144	Oakbridge $A1	205	+7	Q12c	4.7	3.0
153	70	Otter N. L.	130	−0	—	—	—
230	128	Pacific Copper	210	−4	—	—	—
465	255	Pancont'l 25c	360	−5	—	—	—
78	42	Paringa Mn.&Ex.5p	57	−1	—	—	—
495	335	Peko-Wallsend 50c.	440	−5	†Q17.5c	ϕ	2.0
230	140	Seltrust A	166	......	—	—	—
£14¼	575	Southern Pacific	£11⅞	+1¼	—	—	—
100	31	Swan Resources 20c.	95	......	—	—	—
34	8	West Coast 25c	17	......	—	—	—
294	177	Westn. Mining 50c	287	−7	†Q7c	1.6	1.3
30	10	Westmex	14	......	—	—	—
108	56	Whim Creek 20c	92	+10	—	—	—
34	10½	York Resources	30	+1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	15	+1	j6.0	—	—
345	255	Ayer Hitam SM1	305	......	‡Q290c	0.9	‡
67	42	Berali Tin	62	+1	4.5	3.2	10.4
260	149½	Berjuntai SM1	260	+15	Q85c	ϕ	6.9
230	150	Geevor	160	......	8.4	1.9	7.5
12	10	Gold & Base 12½p	12	......	—	—	—
470	310	Gopeng Cons.	470	......	†25.0	1.8	7.6
330	280	Hongkong	320	......	‡35.87	ϕ	‡
105	90	Idris 10p	105	+5	14.0	1.2	19.0
15	12½	Jantar 12½p	13	......	1.5	ϕ	16.5
97	64	Kamunting SM0.50.	97	+3	Q47½c	1.1	11.0
300	150	Killinghall SM1	300xd	+5	††Q50c	ϕ	3.4
£10	485	Malay Dredging SM1	£10	......	♦Q105c	2.6	2.1
42	26	Pahang	40	......	0.44	0.3	1.6
188	83	Pengkalen 10p	94	+2	6.0	1.3	9.1
320	230	Petaling SM1	320	+5	†Q150c	1.4	9.0
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	22	South Crofty 10p	28	......	1.0	ϕ	5.1
415	180	South Kinta SM0.50.	400xd	......	♦Q150c	1.0	7.6
700	325	Sthn Malayan SM1	690xd	......	♦Q175c	2.1	5.2
305	215	Sungei Besi SM1	265	+5	Q480c	ϕ	36.9
50	22½	Supreme Corp. SM1	50	......	hQ8c	—	3.3
110	90	Tanjong 15p	107½#	......	5.75	6.0	7.6
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
335	220	Tronoh SM1	335	......	Q250c	0.7	15.2

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	205	−8	mQ10c	ϕ	2.8

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	142	−8	—	—	—
97	52	Barymin	60	......	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	169	−3	—	—	—
502	290	Cons. Murch. 10c.	500	......	MQ100c	1.8	19.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	370	......	—	—	—
485	327	R.T.Z.	473	−2	15.0	3.2	4.5
33	16	Robert Mines	24	......	—	—	—
112	98	††SPO Minerals 10p	99	......	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	38	††SWCM 10p	38	......	—	—	—
650	411	Yara Exptn. $1	460	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- ■ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 50p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	32	......	**IRISH**		
Bertam	15	......	Conv. 9% '80/82	£91¼	......
Bdg'wtr. Est. 50p	447	......	Nat. 9¾% 84/89	£79⅞	+⅛
Clover Croft	60	......	Fin. 13% 97/02	£94¼	......
Craig & Rose £1	£11	......	Alliance Gas	45	......
Fife Forge	32½	......	Arnott	200	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	64	......
Graig Ship. £1	£13½	......	Clondalkin	120	......
Higsons Brew	75	......	Concrete Prods.	75	......
Holt (Jos) 25p	256	+4	Heiton (Hldgs.)	25½xd	......
I.O.M. Stm. £1	182	−3	Ins. Corp.	270	......
Pearce (C. H.)	465	......	Irish Ropes	46	......
Peel Mills	45	+5	Jacob	31	......
Sheff. Refrshmt	103	......	T.M.G.	88	......
Sindall (Wm.)	142	......	Unidare	77xd	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	6	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	0		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	0	N.E.I.	5	Brit. Petroleum	32
Debenhams	0	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23		
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	48
Hawker Sidd	15	Unilever	48	Lonrho	0
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday August 13 1980

Civil Service study ordered

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN OFFICIAL study into the possibility of "more closely integrating" the Treasury and the Civil Service Department has been commissioned by the Prime Minister.

This follows a lengthy and so far inconclusive debate on the issue within Whitehall and at Westminster over the past few months.

Some senior civil servants feel that the discussions have so far become bogged down, particularly given the opposition of some Ministers to a further strengthening of the Treasury's power.

On this view the Prime Minister may want to give the inquiry a new direction by looking in particular at possibilities short of either complete separation or complete integration of the two departments.

There is some concern about the danger of overloading the ministerial team at the Treasury. But it is also felt that the real issue is how to provide strong enough political control over the management of the Civil Service.

The official line yesterday was that there are no preferences at this stage. The Downing Street statement said that the study — to be conducted by assistant secretaries from each department — will examine the case for and against closer integration.

The study is due to be completed in the autumn when decisions should be taken. The Prime Minister is particularly interested in the comparative costs and manpower needs of the present arrangements and alternatives to them.

In a rare move towards more open Government, the Prime Minister has said she intends to publish the factual and analytical material produced in the course of the study.

In the past few months there has been increasing criticism of the present operations of the Civil Service Department, partly reflecting concern about a slowness to respond to the Government's desire to cut Civil Service manpower.

The issue has been aired in particular at recent hearings of a sub-committee of the Treasury and Civil Service Committee of the Commons.

The Prime Minister has said she hopes to have the committee's views. But so far the MPs have been unable to agree on a recommendation.

In evidence to the sub-committee Sir Robert Armstrong, the Cabinet Secretary, outlined four options for the future of the Civil Service Department. These were: continuation of the present position but with greater co-ordination with the Treasury; the formation of a new Bureau of Budget combining the manpower and public spending responsibilities of both departments; the reintegration of the manpower and management services side of the Civil Service Department back into the Treasury (where it was before 1968), leaving a public service commission for recruitment and other functions; and a complete takeover by the Treasury.

Observer row 'may spark conflict'

By Christian Tyler, Labour Editor

TENSION between print-workers at The Observer could develop into open conflict later this week because of fears that the paper is in imminent danger of closure.

Union chapels (office branches) will be considering this week whether to isolate the machine managers, members of the National Graphical Association, and take over their work.

The refusal of the machine managers to give up their pay claim in the face of the management's unrelenting stance and its announcement that the paper will shut on October 19, has added greatly to the friction.

Unless the machine managers suddenly give ground —considered unlikely —or The Observer relents— also thought unlikely— members of the National Society of Operative Printers, Graphical and Media Personnel in the machine room may attempt to run the presses without the managers, even if the managers attempt to work normally.

The ensuing fracas could, in the opinion of experienced union officials, spill over into the rest of Fleet Street.

The London management of The Observer was privately stressing yesterday that there is no chance of its meeting any of the formulae suggested by the machine managers.

A statement from the paper's U.S. owners, Atlantic Richfield, was expected from the oil company's Los Angeles headquarters later last night.

A message had been passed to Los Angeles from Mr. Joe Wade, general secretary of the NGA, who wants to meet the U.S. owners in the hope of securing a settlement.

The NGA's national council, meeting at the union's Bedford head office today, will be considering how to avert a showdown.

Yesterday Mr. George Jerrom, national officer responsible for Fleet Street, said the union was ready to settle immediately, but the management would not discuss the suggested compromises. "We have been painted as the black sheep in this issue, but the Observer management seems to have a death wish."

The dispute is over payment for bigger papers on the Saturday night to Sunday morning shift. The company has offered £93.63 a night for a basic 48-page paper, with an extra £3.25 for eight more pages and £6.50 for a further eight.

This has been rejected by the machine managers, whose alternative suggestions include further negotiations on the payment for papers larger than 48 pages.

Men and Matters, Page 12

THE LEX COLUMN

Unilever stays on course

On the basis of its second quarter figures, Unilever is riding the recession quite well. People have to eat and wash, after all, and although there were a few nervous weeks when it looked as though the Europeans had stopped washing, the group has come out with £179.3m pre-tax against a restated £177m, to give £317.5m against £306.4m for the first half. Market share is being cultivated at the expense of margins—on a comparable basis overall volume in the second quarter is up by around 2 per cent, yet operating margins are down by half a point to 6.3 per cent.

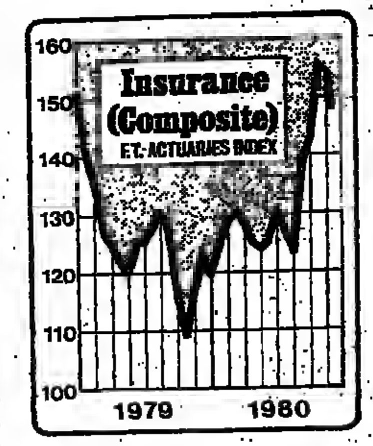
But the quarter's figures hide a steep fall in the UK and Western Europe, where operating profits fell by a tenth from the indifferent 1979 level despite some recovery on the edible oils side where there was a bad strike a year ago. Unilever's strength overseas—in Brazil, for example, as well as South Africa and Australia—is supporting it at the moment. The contribution from Nigeria has at last begun to pick up, and National Starch and Liptons are doing well in North America, although Lever Brothers is still losing a lot of money.

For the second half, the group is confident that overseas demand will hold up, so the shape of the European recession will be the determining factor. If soya prices continue to rise Unilever with its strong forward position may be able to widen edible oil margins; on the other hand, it is resigned to a dreadful year for ice cream. On 1979 exchange rates, it still seems reasonable to expect profits to turn out roughly unchanged at around £600m. This would be a better performance than the UK food manufacturing sector as a whole; but the market rates Unilever Limited in line with the sector (the historic yield is 7.1 per cent at 480p), and the NV share lower still. This valuation may look strange if the cyclical upturn in continental European margins comes before the end of the UK recession.

Letraset

Letraset's figures for the year to April—pre-tax profits are up to £12.1m from £10.5m—are not bad, considering the impact of sterling on the group's important overseas business. But most of the rise stems from the graphics division, the old Letraset business, which has produced volume growth of around 6 per cent for the fourth year running, and achieved trading margins of nearly 25 per cent.

Index rose 1.6 to 480.6



The problems come at Stanley Gibbons, which after interest costs has contributed only about £1m on sales of £23m in its first full year. This is the business on which Letraset has staked its future, and a good deal of its capital; the Gibbons acquisition — with over £15m of goodwill — was the reason for Letraset's rights issue last year, and it has continued to eat money. The group's cash deficit — leaving aside the rights issue — was nearly £7m last year, all to finance Gibbons' stocks of stamps.

Although the group has sold a quarter of the Haas stamp collection (bought for $10m) at a fancy mark-up, the rare stamp market has become sticky. It is perhaps significant that Letraset, having cast Gibbons as the business that would use the cash provided by the graphics side to produce future growth, is budgeting for it to be cash neutral this year and beginning to talk about the next strategic acquisition in the mid-1980s.

The shares have underformed badly over the last 18 months, and given that profits should just about hold up this year, they are not particularly dear—following yesterday's 11p rise to 123p, the yield is 8½ per cent. But after the issue of 21m shares in the last two years, the scrip does not rank alongside Gibbons' rare collection.

Commercial Union

Interim figures from Commercial Union suggest that pre-tax profits this year will only be modestly lower — not bad, considering that its underwriting cycle is probably approaching its most unfavourable point. Underwriting losses in the first half are £5.7m higher at £22.9m, and for the year as a whole they could rise from £21.3m to very roughly £40m. But a large part of this should be offset by a rise in investment income, which is increasing at an underlying rate of 18 per cent.

The underwriting deterioration is concentrated in North America. The group is suffering in the intensely competitive Canadian market, where there has been a £4.2m swing into losses so far, and things will get worse in the current half. But CU hopes that the year-end may mark the nadir. In the U.S. its claims experience looks encouraging, but the expense ratio is sharply higher—mainly because premium growth has been running below plan following a squeeze on the heavy industrial classes of business. However, premiums are now rising at over 10 per cent in dollar terms, and the further increases which are expected should have a favourable impact on expenses.

Meanwhile the balance sheet looks very sound, with a solvency margin of over 60 per cent, and the interim dividend has been increased by a tenth. So the prospective yield may be about 10½ per cent, roughly twice covered. This could be nearly two points more than the Royal's dividend yield for 1980, which may have similar cover, and compares with an average for the composite insurance sector of maybe 8 per cent.

The rating seems to reflect doubts about the success of the CU's current drive for new business in the U.S., which in turn are fuelled by memories of its disastrous performance there in the mid-1970's. However the outcome of its recent efforts should become clear over the next 18 months and management seems absolutely confident that it is on the right track.

Japanese offer

Japanese companies are pushing ahead with plans to widen the geographical spread of their investors. Yesterday's issue of about £11m ordinary shares in the form of European Depositary Receipts by Nippon Miniature Bearing takes the number of such offers for sale up to a dozen in the last few years. The EDRs, to be quoted on the Luxembourg Exchange, are aimed principally at Swiss and Dutch funds, which have proved the liveliest buyers in the past. As the company's Singapore plant goes into full production next year, its prospective p/e is expected to fall from nearly 50 to just over 13.

BL moves into car rentals market

By John Griffiths

BL is to launch a direct attack on the UK vehicle rentals market in the autumn with its own national organisation, British Car Rental.

Vehicle rentals are to be operated initially through selected dealerships and distributors. But BL made clear yesterday that eventually all its dealers would have the option of joining in.

BL has much the largest dealer network of any manufacturer—1,800 compared to Ford's 1,250, for example—and its potential impact on the rentals market could be considerable.

British Car Rental has been registered as a wholly-owned arm of the UK operations division of BL Europe and Overseas, BL's International sales and marketing company.

It will administer the overall operation and the sales of rental vehicles by BL's manufacturing companies to operating outlets.

BL's operators are expected, initially at least, to rent only in local areas, without a national system allowing a car to be hired at one location and dropped off at another. But unlike Ford and other makers offering their own rent-a-car schemes, it does not rule out an eventual switch to a full national network.

In these circumstances it could gain a competitive edge, in that there will be no sales "middle-man" and its operators could thus be able to purchase vehicles more cheaply than competitors.

Existing rental majors such as Avis, Godfrey Davis and Swan National, which have fleets of 10,000 or more vehicles, receive highly favourable deals from Ford, the main rental vehicle supplier, and from others. But all their orders are placed through distributors, who require their own margin.

No formal launch date has been set, but British Car Rental staff are putting the finishing touches to the operating strategy. Response from would-be participating outlets has been "enthusiastic," according to BL.

Indian offshore oil concessions may go to BP, Shell and CFP

BY K. K. SHARMA IN NEW DELHI

BRITISH PETROLEUM, Shell International and Compagnie Francaise des Petroles are likely to be among foreign oil companies awarded exploration concessions on India's continental shelf.

Exploratory talks have been held with the three companies and several U.S. groups including Exxon. While these talks are at an early stage, final terms, according to Petroleum Ministry officials, are likely to involve production-sharing agreements with the Indian Government in the event of oil being found.

The involvement of foreign companies in the country's oil exploration programme is part of a new policy of the Indian Government, anxious to progress to oil self-sufficiency and end pressure on the country's foreign trading account caused by recent oil-price rises.

The Indian Government plans to spend more than £5bn on oil-exploration in the next five years, mainly through the public-sector Oil and Natural Gas Commission and Oil India, the exploration and production company jointly owned with Burmah Oil.

Companies awarded contracts for exploratory drilling will have to give undertakings for minimum investments for their programme, so that they do not withdraw if oil is not found initially. Another condition will be that India will have the first option to buy all oil produced.

This cautious policy is adopted because in the past when foreign groups were given concessions in the Kutch, Bay of Bengal and Cauvery Basins in the western and eastern continental shelves, they drilled one dry well each and withdrew without making further investments.

The Petroleum Ministry feels that in spite of generous terms allowed to them for production-sharing, the companies withdrew without making an all-out effort to find oil, even through seismic surveys showed the presence of hydrocarbons.

The Ministry will award concessions only to oil majors which have the capacity and financial resources to follow through the exploration programmes. British Petroleum, Shell and CFP already have much experience in exploration.

Another major British company, involved almost accidentally in the exploration programme, is Burmah Oil, which owns Oil India jointly with the Government. This company has been given concessions in Assam and the Mahanidi Basin in the Bay of Bengal, now being explored.

Cut in wholesale petrol prices

BY SUE CAMERON

SHELL, BP Oil, National Benzole, Texaco and Mobil have followed the lead set by Esso on Monday and cut their wholesale petrol prices. The swift and concerted move is expected to knock 2p off pump prices in most areas of the country.

The petrol companies have all lopped 1.73p off the wholesale price of a gallon of four star—except BP Oil and its associate, National, which have cut their prices by "around 2p." All the major companies admitted yesterday that the new lower prices had been forced on them by fierce competition in the market place.

Texaco, BP Oil and Shell, which hold just under 45 per cent of the UK petrol market between them, are reducing prices on an unofficial, temporary basis. Their scheduled prices will remain unchanged but retailers will be invoiced at the new prices from today. Mobil is formally cutting its prices.

Mobil said it was lowering wholesale petrol prices "despite the high cost of crude oil" and the poor returns it was making on refined products like petrol. It admitted its profit margins were being "squeezed."

BP Oil said it did not expect the current price war at the pumps to last.

While BP and the other majors were announcing price cuts, the Government was putting out the latest statistics on the output of chemicals and oil products. The figures show that output fell again in June and has been dropping steadily since the start of the year. The index, which started at 119 (1975=100) in January and February, went down to 108 in May and fell again to 107 in June.

The index reflects the high stocks and low demand that is hitting sales of most oil products—not just petrol.

Editorial Comment, Page 12

Sir Peter Masefield named LT chairman

BY LYNTON McLAIN

SIR PETER MASEFIELD, the 66-year-old joint deputy chairman of Caledonian Airways, is the new chairman and chief executive of London Transport.

His appointment to the £34,000-a-year post was announced yesterday by Sir Horace Cutler, the Tory leader of the Greater London Council. Sir Horace sacked Mr. Ralph Bennett, the previous LT chairman, last month after a highly critical report on the LT Executive.

The report, by PA International, suggested the chairmanship should be combined with a new post of chief executive.

Sir Peter has been a part-time member of the LT Executive since 1973. From 1965 to 1971 he was chairman of the British Airports Authority.

Sir Peter said yesterday that he accepted the offer of the chairmanship on condition that it would be only for a short period. His appointment is for between six months and a year at the most. He will work four days a week for LT and one day for Caledonian Airways.

His broad aim is to establish London Transport on a "sound basis for the future." However, he also said that harsh decisions may have to be taken in view of LT's financial difficulties.

Last year's £15.7m deficit has been written off by the GLC, and Sir Peter yesterday committed himself to keeping LT out of deficit. This may mean cuts in services if income is insufficient to meet costs.

Continued from Page 1

Output

particularly hard hit.

On the same quarterly comparison engineering output was 5.4 per cent down between April and June, partly because of the motor industry's problems. The end of the steel strike resulted in a near 51 per cent jump in metal manufacturing output.

The continued impact of the end of this dispute and the coincidence of two bank holidays in May explains the slight rise in the all-industries index in June to 108.2 (1975=100) from 106.9 in the previous month.

Officials do not believe this is significant and place much more emphasis on the fact that output in the first half of this year was 3½ per cent lower than the average level last year.

On a longer-term comparison the all-industries index in the second quarter was still nearly 7½ per cent higher than in 1975

Continued from Page 1

Saab

Because the complaints related to taste and decency, they went before the 12-man ASA Council. The council is reported to have shown the advertisement to several religious groups, none of which demurred.

"It is a storm in a teacup," says Saab. "Our particular motor car has to be driven to be believed. It is a very special car. Once you have driven it you are tempted. It was a very apt heading."

Weather

UK TODAY

Warmer, with rain spreading from west.

London, S.E., C., N.W. England, N. Wales

Drizzle at first, bright intervals. Max. 23C (73F).

E., N., N.E. England, Borders, Highlands, N. Scotland

Sunny at first with rain from south. Max. 22C (72F).

S.W. Scotland, N. Ireland

Cloudy. Max. 19C (66F).

Outlook: Sunny with thundery showers. Cooler in north and west.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Jo'burg	C	15	59
Algiers	S	30	86	L. Plms.	S	25	77
Amsdm.	C	16	61	Lisbon	S	28	82
Athens	S	33	91	Locarno	C	25	77
Bahrain	S	38	100	London	C	18	64
Barclna.	C	26	79	Luxmbg.	C	16	61
Beirut	S	30	86	Luxor	S	39	102
Belfast	C	14	57	Madrid	S	32	90
Belgrd.	S	29	84	Majorca	F	29	84
Berlin	R	17	63	Malaga	S	27	81
Biarritz	F	22	72	Malta	S	31	88
Bmghm.	C	15	59	Mchstr.	C	14	57
Blackp'l	C	15	59	Melbne.	C	15	59
Bordx.	C	21	71	Milan	F	28	82
Boulgn.	F	18	61	Moscow	C	15	59
Bristol	F	18	64	Munich	C	17	63
Brussels	F	19	66	Nairobi	C	20	69
Budpst.	F	25	79	Naples	F	27	81
B. Aires	S	11	52	Nwcstl.	C	16	81
Cairo	S	36	97	Nice	C	25	77
Cardiff	C	16	81	Oporto	F	21	70
Casbca.	S	24	75	Oslo	C	13	06
Cape T.	R	15	59	Paris	C	19	66
Cologne	R	15	61	Perth	S	12	54
Cpnhgn.	R	18	64	Prague	F	17	63
Corfu	S	32	90	Reykjvk.	F	14	57
Dublin	F	16	61	Rhodes	S	29	84
Dbrvnk.	S	28	82	Rio J'o	C	24	75
Ednbgh.	C	16	61	Rome	S	29	84
Faro	S	27	81	Salzb'rg	C	18	64
Florence	C	26	79	Singapr.	R	25	77
Frankf't	S	18	66	Stckhm.	C	17	63
Funchal	S	24	75	Strasb'g	C	18	64
Geneva	C	21	70	Sydney	S	22	72
Gibrltr.	S	31	88	Tangier	S	25	77
Glasgow	C	15	61	Tehran	S	28	82
G'nsey	C	17	63	Tel Aviv	S	29	84
Helsinki	F	23	73	Tokyo	C	29	84
H. Kong	S	31	88	Tunis	S	34	93
Innsbr'k	C	18	64	Valencia	C	28	82
Invrnss.	F	19	66	Venice	F	28	82
I.o.Man	C	18	81	Vienna	R	20	69
Istanbul	F	25	77	Warsaw	F	22	72
Jersey	C	18	64	Zurich	C	17	63

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Engineers to meet officials on their future

BY ALAN PIKE

REPRESENTATIVES of Britain's leading engineering institutions will meet Department of Industry officials today to discuss the future of the profession in the light of the Government's decision on the Finniston inquiry into the engineering profession.

Sir Keith Joseph, Industry Secretary, announced last week that the Government will establish a new body to regulate and promote the profession's affairs, but it will not be the statutory engineering authority to which Sir Monty Finniston and his committee attached the utmost importance.

Today's meeting, to be attended by the institutions of mechanical, electrical, civil and chemical engineers, will discuss the means and timescale for setting up the new organisation. While the Government is likely to find considerable agreement with its approach from the institutions, many of which had reservations about implementing Finniston undiluted, there is less unanimity among engineers working in industry.

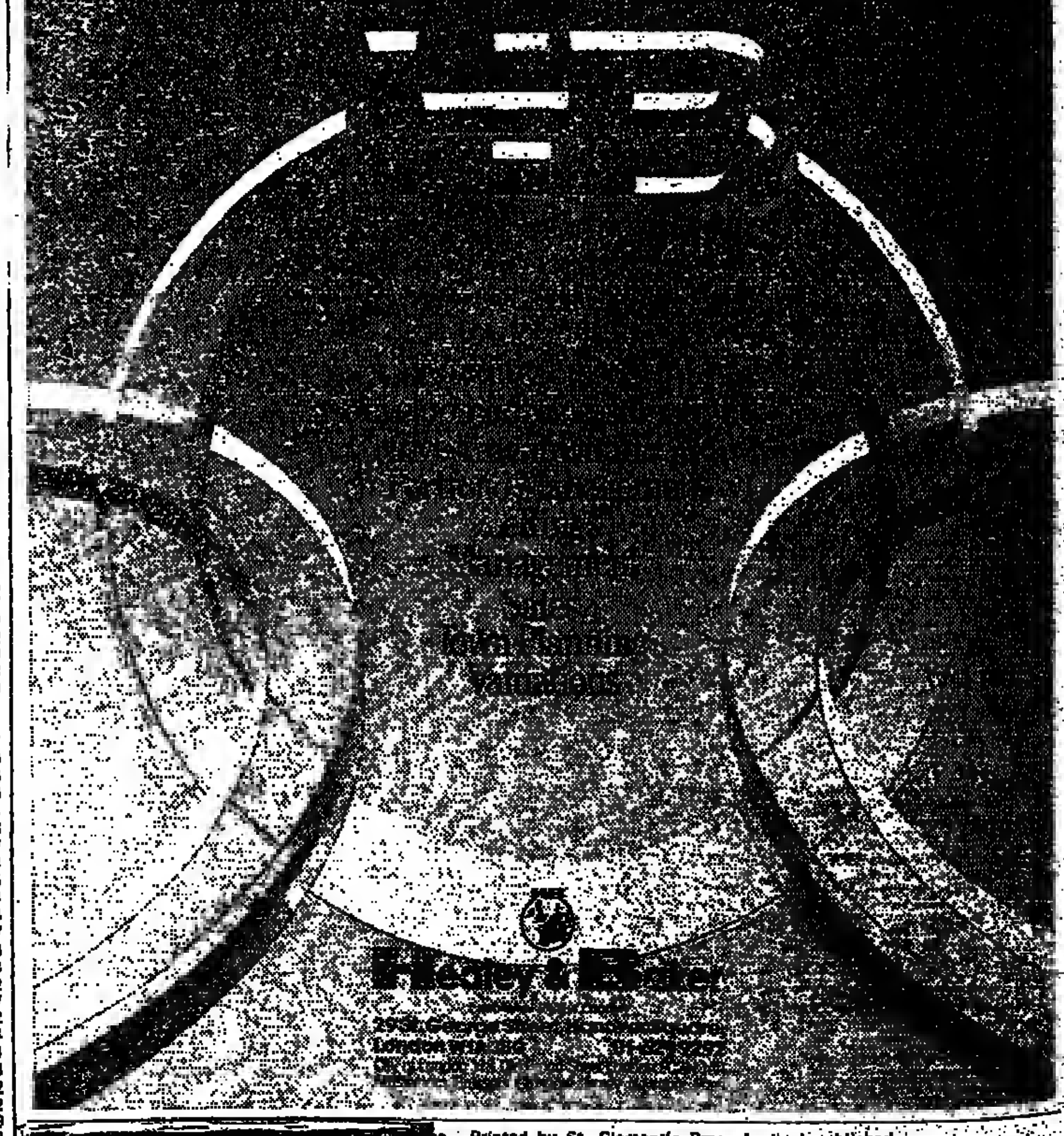
An official of one of the principal institutions said yesterday that members had been critical following Sir Keith's decision last week. Many professional engineers believe the Government's approach it to low key to really raise the status of the profession.

The Government now has to persuade professional engineers that its decision to create a voluntary body for engineering through royal charter, rather than a statutory one, does not represent rejection of the central Finniston principles.

It is the Government's view that the quality of membership and effectiveness of the new body, rather than the legalistic details of its establishment, will be the yardstick of its success. It will be stressed at meetings with engineering industry representatives that the Government will, as recommended by Finniston, be responsible for nominating the new body's members. One of the criticisms which employers and unions make of the existing Council of Engineering Institutions is that it is not representative of industry.

By the end of this month the Government should have completed preliminary consultations with the institutions, universities, Engineering Employers Federation and Confederation of British Industry. If there are no serious obstacles details of the new body may be announced by November.

The EEF will stress the need for a strong employers' voice on the proposed organisation, and ask the Government to keep open the possibility of statutory registration for engineers.



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